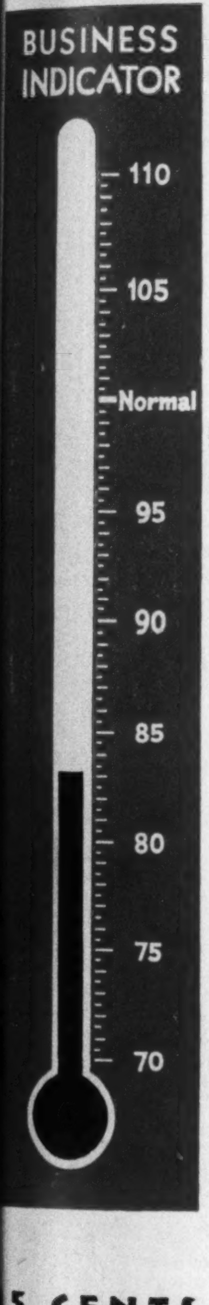
NOV 5, 1930

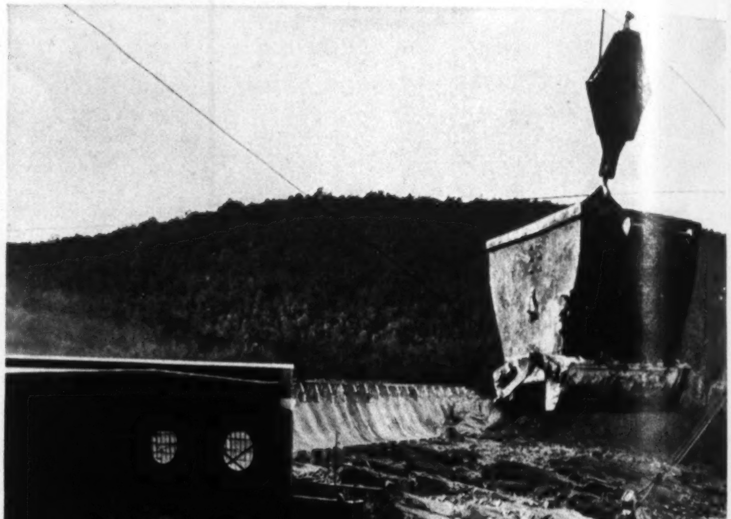
THE BUSINESS WEEK



As we near the end of October, when activity is usually at its fall peak, it becomes clearer that business this year has failed to respond in full measure even to the usual seasonal expectations. This is more clearly evident in primary production and distribution than in general trade, which still appears to be moving up to its holiday high point. . . . Our preliminary index for the week ended October 25 fell further, from 84.3% to 83.2% of normal, a new low level in the current recession, reflecting relative slackening in steel, coal, and electric power production, merchandise carloadings, and building contracting. . . . The sustained strength of residential building, especially in the New York metropolitan area, relative improvement in railroad earnings, steady reduction of stocks of staple cotton and wool textiles and lumber, continued stability of commodity prices, are moderately bullish portents of recuperation. . . . There is a bare possibility that November and December will make a better than seasonal showing or at least more favorable comparisons with last year than heretofore. But it is clear that business is again disposed, as in July and August, to throw away another two months of this year and to wait for the buds and birdies of spring, which the sublime laws of nature invariably supply on schedule. . . . With production cut to 50% of capacity for two months more, and consumption running on, as it is, not far below normal, human nature may yet give these resigned Brahmins of business a swift and surprising kick in the pants after the turn of the year.

5 CENTS McGRAW-HILL PUBLISHING CO., INC.

This immense new hydro-electric development will be in operation at Spier Falls, N. Y., by Jan. 1st.



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NEW YORK STATE

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1. *Nearest to markets*
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And in 1930 alone, the Niagara Hudson System is spending more than forty million dollars to insure adequate and cheap electricity for New York State industry.

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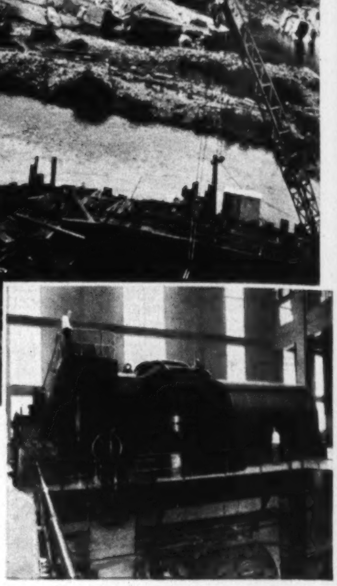
Along the bed of the Raquette River, foundations for a 100,000 horse-power project are planned for early next year.

In Buffalo, the capacity of the Huntley steam station has just been doubled . . . making a total of 622,000 horse power to anticipate the growing needs of the Niagara Area.

You can make no mistake in coming to New York State. To help you, the Niagara Hudson System maintains an Industrial Bureau of trained engineers.

The services of this bureau are free and are fully described in an illustrated book, "New York, the Great Industrial State." Write for your copy today. Address the Niagara Hudson Power Corp. Albany, N.Y.



One of the new generators in the Huntley Steam Station at Buffalo, recently enlarged from 308,000 horse power to 622,000 horse power

Hear Niagara Hudson broadcast fascinating stories of New York State. Every Thursday night, 7:30 - 8:00 (Eastern Standard Time), WEAF, WGR, WGY, WSYR.

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Write for our new book, describing the industrial territory served by Niagara Hudson Power Corporation, including among others the localities listed below:

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FAIRPORT
FALCONER
FORT EDWARD
FORT PLAIN
FRANKFORT
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HUDSON FALLS
ILION
JAMESTOWN
JOHNSTOWN
KENMORE
LACKAWANNA
LANCASTER
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LOWVILLE
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WATERFORD
WATERTOWN
WATERVLIET
WELLSVILLE
WESTFIELD
WHITEHALL
WHITESBORO
WILLIAMSVILLE

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What's In This Issue —And Why

Jobs

BUSINESS men, by action in their own plants, and by cooperation with community efforts, make encouraging progress toward lessening unemployment, alleviating the suffering it causes. *(page 5)*

UNIQUE among such efforts is the plan worked out at Flint, Mich., by employers and employees jointly. *(page 6)*

CITIES and states are pushing winter construction projects at a remarkable rate. *(page 7)*

6-Hour Day

RAILROAD unions call their drive for a 6-hour day part of the program to relieve unemployment, but the present depression will be history before they can hope to achieve their goal. *(page 8)*

Shoppers

MERCHANTS who are aggressive are getting business; "Buy Now" movements also seem to have some effect. Mercantile trade is far from discouraging. *(page 11)*

BRITISH shoppers, too, are buying. England is startled to note definite pickup in September, continuing in October. *(page 13)*

Tank Warfare

THAT hardy perennial, the gasoline price war, has sprung up, this time in the Middle West. It's a grand, big one, with a new kink—the independents are fighting back, and in the courts, of all places for oil men. *(page 25)*

Railroad Blues

THE Interstate Commerce Commission, following an eminent example, helps those who help themselves. That is its antiphony to the railroads' blues song. *(page 18)*

MEANWHILE, rail and bus executives sit at conference table and try to stop war, on a basis of 15% lower fares for buses. *(page 18)*

AND rail executives tell bigger and better stories of the reciprocal buying racket. *(page 22)*

WESTERN roads' crack trains were leisurely affairs for a decade or so. Then Ralph Budd cut a schedule, and the fight began. *(page 20)*

Mexico

HARD up, its silver dollars too cheap, Mexico plans sharp tariff increases that at first glance seem likely to cost us dearly. On closer study, compensations are discerned. *(page 10)*

Frozen Peaches

"ICED PEACHES" sound good and apparently are good; Georgia has built two quick-freezing plants, is distributing 40 cars of the packaged product as a beginning. *(page 11)*

Home-made Weather

IT won't be necessary to go to the movies to keep cool next summer; use your own Kelvinator, Frigidaire, or G. E. home weather maker. *(page 13)*

Truce

BERLIN'S 140,000 striking metal workers go back to benches; perhaps Germany's plan to reduce prices and wages scientifically, simultaneously, may work after all. *(page 29)*

Lamb

"IT'S raining lambs" in Chicago. Lamb is popular only along the two coasts. But low prices and advertising are educating new demand. *(page 14)*

Brazil

PEACE and a new president in Brazil—but for how long? American observers see many factors favoring the new régime, but aren't sure yet of its stability. *(page 28)*

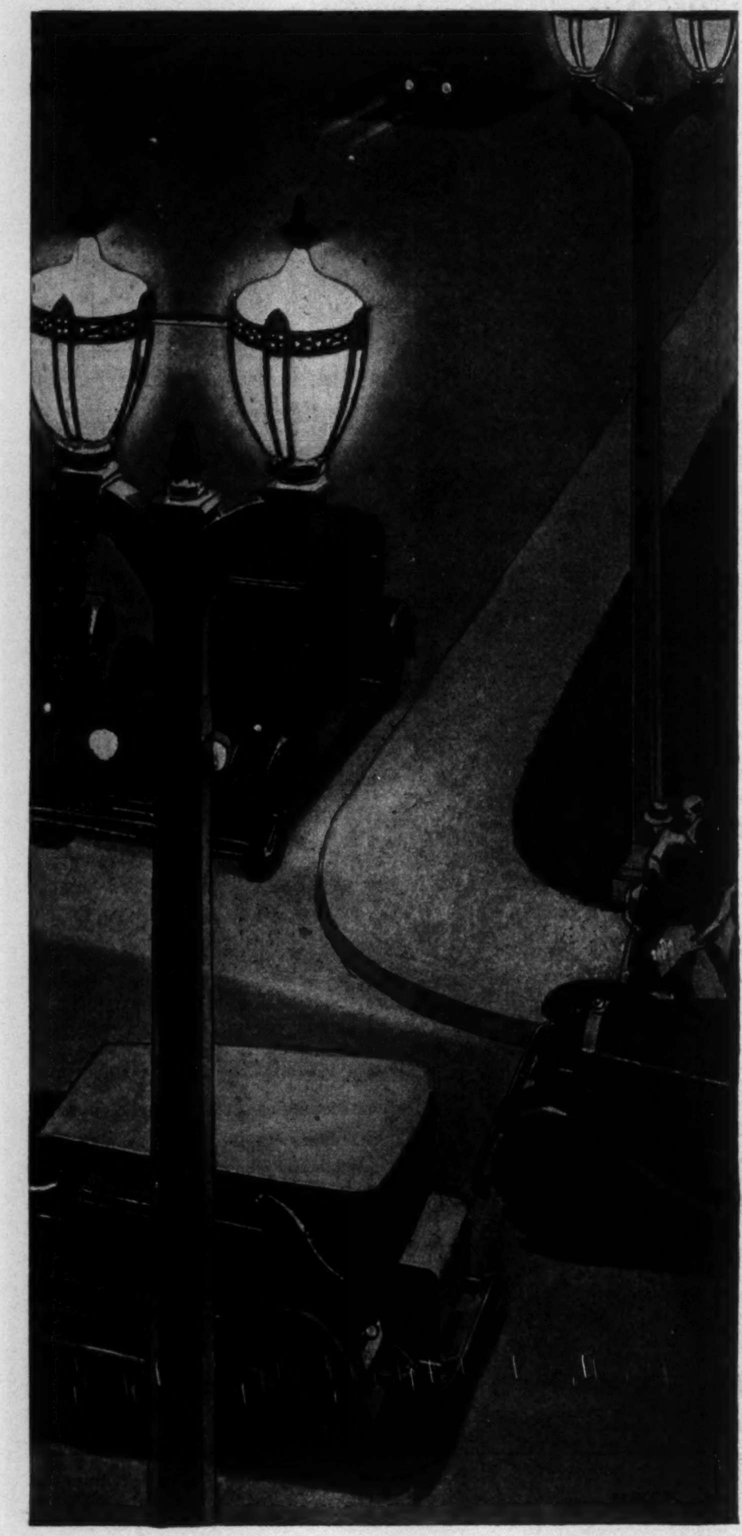
Earnings

THIRD quarter earnings made cheerless reading, in bulk. Steel, oil, automobiles are worst. Foods do best. *(page 9)*

ECONOMICS OF THE ELECTRICAL INDUSTRY

BETTER LIGHT

means a Better Life

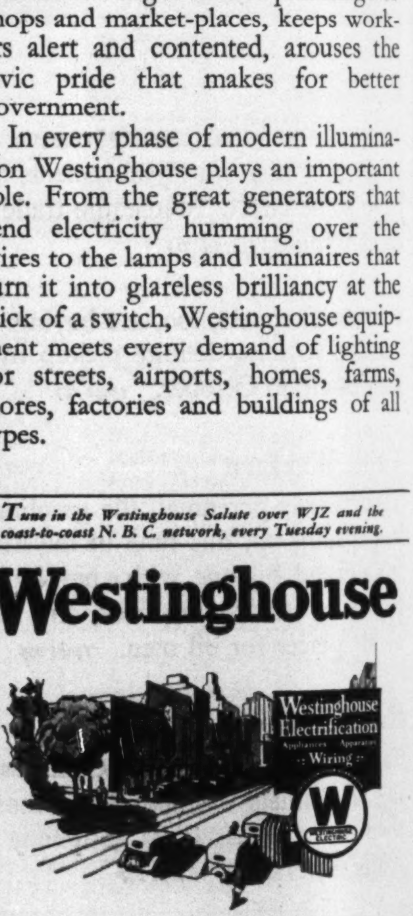


In modern life, cities with well-lit streets and homes where light sheds its kindly rays in abundance, contain, on the whole, a happier people—prosperous, contented, healthy and law-abiding. Light blooms on a darkened thoroughfare and citizens walk or drive in safety. Light scatters the shadows wherein lurk the evil forces that prey on honest men and women. Cleanliness goes hand in hand with light in homes, streets and offices. Light invites patronage to shops and market-places, keeps workers alert and contented, arouses the civic pride that makes for better government.

In every phase of modern illumination Westinghouse plays an important role. From the great generators that send electricity humming over the wires to the lamps and luminaires that turn it into glareless brilliancy at the click of a switch, Westinghouse equipment meets every demand of lighting for streets, airports, homes, farms, stores, factories and buildings of all types.

Tune in the Westinghouse Salute over WJZ and the coast-to-coast N. B. C. network, every Tuesday evening.

Westinghouse



THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending November 1, 1930

Business Mobilizes Jobs And Funds for Unemployed

While Communities Push Emergency Relief, Industries Adopt Plans to Spread Out Work

INSPIRED by the approach of cold weather, by the appointment of Presidential relief committees last week, or by realization of the threat to their prestige involved in further delay, business men put their shoulders behind the nation's load of unemployment this week and shoved. Actually, there were two shoves. One was directed by those heads of industries who pushed large numbers of unemployed into jobs by making jobs for them in the country's manufacturing plants—some by speeding up production plans and taking on personnel a little faster than the actual demand, some by cutting hours to spread work over a larger force of employees, some by readjusting sales programs to provide new lines of work, some by just declining to make cuts called for by their cost figures.

Many Local Efforts

Another shove that has already helped to shift the load and will progressively do more came from the efforts of business men who have enlisted for service on community relief organizations formed to raise funds for the needy, to speed up work on local construction projects, to add to city payrolls by providing emergency jobs for the unemployed. In these organizations, business is serving with and advising local political leaders, city and county authorities.

At the same time, there come from many communities reports of volunteer service by the workers themselves—the workers who hold jobs and are banding together to raise funds and find ways and means to help those who are not so fortunate. A notable effort of this kind has been made in Flint, Mich., as recounted elsewhere in this issue. Similar activities are under way in other cities; in many of them, city employees are taking the lead in relief programs.

President Hoover has named Col. Arthur Woods, leader in unemployment relief in 1921, to coordinate local community and industry relief activities into a national program. He has swung into action with remarkable speed and is now making a nation-wide survey of the plans he is asked to tie together. The news which follows tells something of what he is finding on how business, states, municipalities, public utilities, many of which have spent too much time in aimless talk, are now coming forward with ideas, money, and jobs.

Keystone

ALL UP

Raising the flag as the steel work is completed on the 47-story Waldorf-Astoria Hotel, New York

Woods Committee Speeds Up Relief Measures

THE national committee on unemployment under Col. Arthur Woods has been moving rapidly since its inception a week ago. It has prepared a definite campaign to coordinate relief measures throughout the country. It has aroused intense interest in the unemployment problem. It has been chiefly instrumental in instigating countless constructive steps on the part of individual industries and communities aimed to provide help for the jobless.

As his active helpers in relief work, Colonel Woods has gathered a particularly able group: Frederick C. Croxton, who has been instrumental in developing and operating the notably successful stabilization plan of the state of Ohio; Dr. Lillian M. Gilbreth, known to the entire business world as a leading exponent and teacher of scientific management principles; Porter Lee, who was president of the National Conference on Social Work in 1929; Bryce Stewart, of Industrial Relations Counselors, one of the country's leading employment statisticians.

Bond Issues Significant

The chief job of the Woods committee will be to cooperate with state and local public bodies and with industries to coordinate all their activities looking toward unemployment relief. On Election Day $450 millions of public works bonds will be voted on in 19 states; Colonel Woods asks that these measures be approved, if proper. He will try to have their proceeds utilized at once in constructive work. He is also sponsoring a campaign for home repairs and additions and for community improvements.

An optimistic note was struck by

Allan Burns, executive director of the National Association of Community Chests and Councils, when he reported that 220 cities are now raising $55 millions—7% more than in 1929—for community funds, and that collections are better than in many years.

Industries Spread Jobs; Workers Raise Funds

Reports of increases in plant personnel, now coming in from a wide range of cities and industries, are getting the eager attention of workers and relief organizations. Some of the increases represent an actual pickup in business; others are results of special efforts by employers to spread out jobs, take care of the jobless. Along with these reports, comes news of measures adopted by the workers themselves to relieve distress among their less fortunate fellows. The following items are typical of what is going on in industry to help Colonel Woods solve his problem.

Chevrolet Gets Busy

Active productive operations on the new model Chevrolet car are now increasing employment in both Chevrolet and Fisher Body plants throughout the country. From 6,000 to 7,000 employees will be taken on in Fisher Body plants at Flint, Mich.; Buffalo and Tarrytown, N. Y.; Cleveland and Norwood, Ohio; Janesville, Wis.; Atlanta, Ga.; Oakland, Calif.; Kansas City and St. Louis, Mo.

About 900 men are being added at the Kansas City plants of the Chevrolet and Fisher Body companies. Kansas City also sees the American Cigar Co. increasing its local payroll, now employing 1,400, hoping to reach 2,500 soon. Output of 20 commercial feed mixing plants in and around the city has increased 25% within the past weeks.

The Waltham Watch Co., Boston, has returned to a 4-day-week operating basis with about 1,500 of its normal force of 2,400 at work. For the past 3 weeks only about 50 employees have had jobs outside of the clock department, where a full force has been operating.

Holiday Preparation

In the Danvers, Mass., Bleacheries of Pequot Mills, about 200 employees have been taken on to handle orders for gift sets of bed linen. These extra workers, bringing the total employed up to 800, are assured of steady work throughout the Christmas season.

Inland Steel Co. has announced that its Milwaukee plant will be opened Nov. 3; will run 24 hours daily in 3 shifts; will give full time employment to 700 men.

Officers and employees of the group of public utilities headed by Samuel Insull are being asked to contribute one day's pay a month for 6 months to the relief of unemployment distress. These contributions are expected to amount to about $100,000 a month.

Employees of the Akron (O.) Rubber Reclaiming Co. have volunteered to contribute 5% of their wages to less fortunate employees who have been laid off for lack of work. This they designate as an act of friendship, not of charity.

Bank Lets Contracts

The Federal Reserve Bank of Cleveland has awarded construction contracts for its $3½-million bank building in Pittsburgh. Work is to be commenced as soon as possible.

Employees of Daly's Golden Rule Shoe Co., with plants at Lynn and Beverly, Mass., have accepted a 25% wage cut in order to make possible price quotations to chain stores which will bring $40,000 worth of orders. The workers were virtually unanimous in accepting the cut; under the golden rule plan of organization, workers are expected to share the company's misfortunes as well as its successes (*The Business Week*, July 30).

To relieve unemployment in Hagerstown, Md., the Pangborn Corp., through its president, Thomas W. Pangborn, has offered to loan the city $50,000 for use in public works providing that an additional $200,000 can be raised among other business men of the city.

S. L. Frasier, vice-president of The Mengel Co., Louisville, Ky., has offered to bring the December, 1930, personnel of his company to the same standards of number and earnings as were maintained in December 1929, provided that a reasonable number of the company's competitors and customers will undertake the same obligation. If this step is carried out at the Mengel Co., every employee will be expected to purchase not less than $5 worth of furniture or similar household equipment during the month.

Factory Cooperative Takes Over Flint's Welfare Job

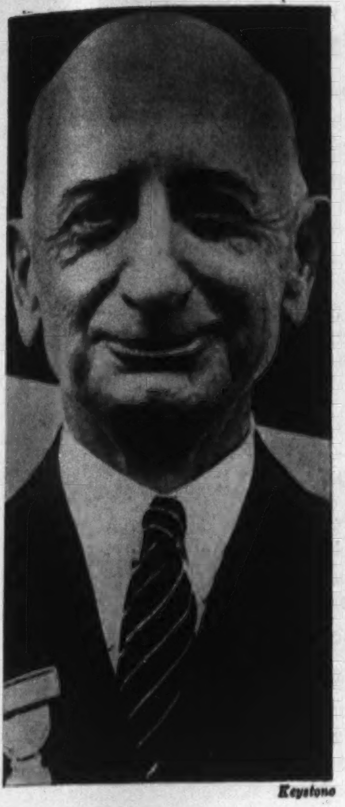
Through a cooperative self-help plan sponsored by the Industrial Mutual Association (a unique organization of Flint factory employees) and the Associated Factories of Flint (representing the employers) the I.M.A. has undertaken responsibility for all relief work for its members and so has reduced the Community Fund quota of this Michigan city by $123,000—about one-half.

From the payroll deductions of 15 cents a week for I.M.A. dues, 5 cents is to be turned over to a newly created

Wide World

Winter of Discontent

Communist agitators may be expected to redouble efforts among men unemployed with cold weather approaching. This meeting in Grand Circus Park, Detroit, was large, but orderly



Keystone

UNBELIEVER

Eugene R. Black, governor of the Atlanta Federal Reserve Bank. Said he to the investment bankers in convention at New Orleans: "I do not agree with those men who say there must be no retrogression from the present high grade of living."

Welfare Department. Sums contributed in this way will be matched by some manufacturers, underwritten by others, and all employers will contribute outright to get the new department organized and under way. Basing calculations on July income, which showed 37,000 persons employed by the Associated Factories, there will be nearly $80,000 available for welfare work during the ensuing year from employees' contributions alone. This pre-supposes that the present drive for 100% I.M.A. membership succeeds, which seems likely, since in a single week following the announcement of the plan membership increased from 12,000 to 27,000.

The Industrial Mutual Association was started in 1901 by J. Dallas Dort, an automobile pioneer; now it is a well organized, influential body owning over $2 millions of property. It is unique because it is an inter-factory movement; is wholly self-supporting and has the complete cooperation of employers.

Cities Push Construction; Plan Emergency Work

SURVEYING the unemployment relief programs of cities, counties, and states, which it is his job to coordinate, President Hoover's Colonel Woods finds local authorities pushing through a wide variety of plans in many different stages of development. Some have definite relief measures well under way; others are still weighing suggestions, both practical and idealistic. Special efforts are being made to hurry along local construction projects.

Anton Cermak, chairman of the board of Cook County, Illinois, has suggested that those who have jobs voluntarily contribute to the support of the idle; is trying to have Cook County departments adopt the idea. He suggests a minimum contribution of $1 a month, ranging upwards as a percentage of income. Cook County has 3,500 employees, an annual payroll of $9 millions.

Street Work Planned

By the transfer of $390,000 from one fund to another, work has been provided in Chicago for about 1,000 men until the ground freezes. About 200 will be employed in laying new water mains; 800 will be used in paving streets after mains are laid.

At the suggestion of Walter E. Olsen, Chicago rug manufacturer, Governor Emmerson's Unemployment Committee has been asked to establish a "Hire a Worker a Week" movement. It is pointed out that if each of Chicago's 46,500 manufacturers, wholesalers, retailers, and other employers would hire just one additional man the bread lines would be shortened.

Boston has appropriated $1 million and is trying to raise an additional $2 millions by private subscription for use in relieving unemployment distress. Ten school construction projects involving expenditures of $3½ millions are to be started at once in Boston.

Cleveland's Emergency Jobs

Commissioners of Cuyahoga County, Ohio—which includes Cleveland—have announced a $9-million, 2-year road building program to start with the award of $450,000 of road contracts on Dec. 16. Preliminary work on these projects will keep 1,000 men busy all winter. Cleveland is giving emergency employment to about 6,000 men in street, park, and sewer system work. Men are divided into groups; each group gets 3 days' work each week. Applicants for these jobs, incidentally, were not nearly so numerous as first reports to us indicated.

James M. Duncan, Detroit Municipal Employment Bureau, reports that last week 3,800 men were called back to work by city shops and factories.

The Michigan Administrative Board has released $1 million for winter highway work in the state's industrial areas to relieve unemployment.

Milwaukee has developed a relief plan whereby a maximum of 13,500 men will be provided with at least 3 days' work each week throughout the winter. The City Council has appropriated $200,000 to finance the program. Selection of workers is being made from among those who have lived in the city for at least a year.

The Cedar Rapids Federation of Labor has begun a campaign to induce employers to displace their married women employees with jobless married men. The federation does not ask the discharge of any married woman whose earnings are necessary for the family budget.

Springfield, Mass., is employing 1,000 men on municipal jobs undertaken primarily to relieve unemployment. By Dec. 1, when additional funds become available for this purpose, the number will be increased to 1,500.

New York's First Aid For Heads of Families

NEW YORK CITY has organized itself for a fight against unemployment distress this winter with 2 major agencies at work. The 150,000 city employees are organized in one group under a committee composed of the 37 city department commissioners, headed by Mayor Walker and under the active direction of Welfare Commissioner Frank J. Taylor. Under the leadership of Seward Prosser, chairman of the Bankers Trust Co., a committee of citizens has been organized whose aim is to raise $150,000 weekly to provide work for jobless family heads.

The mayor's group expects to raise by voluntary subscription among city employees and others, $266,500 each month to be dispensed through the Police Department for the relief of distress caused by idleness. The Police Department is now engaged in a census of unemployed family heads; has already registered over 15,000.

Edward C. Rybicki, director, City Free Employment Agency, estimates New York jobless at 800,000.

Rail Workers Ask 6-Hour Day; Campaign Will Last for Years

Brotherhoods Are Lodges as Well as Trade Unions; They Want to Keep Membership Large

A DRIVE for a 6-hour day for railroad workers will get under way in Chicago Nov. 12 when 700 men, officials and representatives of 7 railroad labor organizations—including the big brotherhoods—will meet to consider unemployment relief.

In exactly the same manner was a similar campaign started many years ago which resulted in the reduction of railroad working hours from 10 to 8. That is why many observers see special significance in this latest move, anticipate that if the unions meet with success it will again give great impetus to the movement for shorter hours throughout industry.

Whatever results are gained will be through a long, slow process; will take years to reach a final decision. The 8-hour day appeared to be lost until in 1916 President Wilson forced passage of the Adamson bill under threat of a strike by the brotherhoods.

The unions' grievances are based upon reduction of their numbers caused by general depression, increasing competition of motor vehicles, and a form of technological unemployment whereby larger and heavier engines and equipment reduce the necessary number of trainmen per ton of freight carried. To a peculiar extent, the railroad brotherhoods are lodges as much as they are trade unions. They want new blood in their organizations; want to keep them as broad as possible. It is not unlikely that this aspect of the situation has as much influence upon union officers as labor and industrial conditions. In fact, James H. Cassel, secretary-treasurer of the Brotherhood of Locomotive Engineers, says that the movement for the 6-hour day has 3 main incentives: relief of unemployment; aquisition of younger blood for expansion of brotherhood ranks; and determination to get 8 hours' pay for 6 hours' work.

Most railroad operating men work 7 days a week; some train service does not operate on Sunday, so that men on these runs work only 6 days. The present drive will have for its aim, then, a 42-hour week for most workers; a 36-hour week for all others.

To be represented at the Chicago conference are: Brotherhood of Railroad Trainmen; Brotherhood of Locomotive Engineers; Brotherhood of Locomotive Enginemen and Firemen; the Order of Railway Conductors; the Switchmen's Union of North America; The American Train Dispatchers Union; the Order of Railroad Telegraphers.

Rail officials, as might be expected, refuse to take the 6-hour campaign seriously—say the change is utterly impossible with rail earnings as they now are; that the union members themselves are only lukewarm on the idea, desiring to do nothing that will jeopardize their immediate jobs. Officials are inclined to believe union leaders are agitating the idea mainly to keep it in public consciousness, with little hope that it can be put through now.

Chicago Potato Terminals Speed Tuber Distribution

POTATOES are being received in style in Chicago this autumn. Two large new railroad-owned potato terminals, each of which has cost in excess of $2 millions, have been opened.

One is owned jointly by Santa Fe and Illinois Central, a unit of the $12-million new Chicago Produce Terminal, owned and operated by the same 2 roads. The other is owned by Chicago & North Western. The Santa Fe–I. C. potato yard has 23 tracks, space enough for 650 cars, and an adjacent hold yard for 1,800 cars. The C. & N. W. terminal has a 19-track 600-car yard with an 1,850-car hold yard.

Since these modern facilities are open to other roads on a fee basis, it is expected that most of Chicago's annual 33,000 carloads of potatoes (one-eighth of the country's total shipments) will move through them.

FOR POTATOES ONLY

One of the two new $2 million potato terminals in Chicago. This, the Chicago & North Western's, will accommodate 600 cars on its 19 tracks, each easily reached by truck. A bulletin board in the administration building (left rear) lists all car numbers so that drivers can locate them as they go by. Club rooms for dealers are in the same building. In the rear are storage tracks for 1,850 cars held for reconsignment, inspection, or local sale

Six Wheels—Twelve Speeds—No Frame

The Czechoslovakian Tatra-Car, imported for experimental work by the Thompson Products Co. (valves-parts) is built on a 9-inch tube with transmission and differentials in line. There are 4 driving wheels, each with its own axle and universal. It was originally designed to carry German officers over rough and shell-torn ground

Earnings Reports Spur Industry To Fresh Assault on Costs

The shower of third quarter corporation earnings statements now descending washes away any ideas of business betterment in the third quarter, reveals the stark necessity for expense curtailment and greater efficiency, and leaves standing in sharp relief against the foggy background those few concerns which have caught the trick and are prospering more this year than last.

Industrials Lead Decline

Industrial corporations have suffered most during the 9 months of 1930. Their earnings, as judged by the first 131 leading companies to report, show a decline of 32.1% from the first three-quarters of last year. Railroads, judged by the net operating income of the 33 leaders, have suffered a recession of 30%. Utilities are earning about the same as last year as measured by the reports of 47 of them. Averaging the entire list indicates an earnings decline of about 25% from last year.

The third quarter was much the worst of the three. Earnings of the 131 industrials declined 23.1% from the second quarter and 28 of them wrote their reports in red ink. Total industrial earnings for the third quarter were 45% below the total for the third period of 1929. There is not a sufficient number of segregated third-quarter statements available to analyze the railroad and utility showing by quarters.

Fifteen utilities made statements on their earnings for the first 9 months. These indicated a decline of 0.2% from the same period of 1929. Thirty-two other public service companies reported for the year ended Sept. 30; their statements showed an increase in earnings of 5.5% over the totals for the preceding 12-month period.

Enough statements are now available to permit breaking down the industrial group to some extent and it becomes apparent that steel, automobiles and oil have been hit hardest.

Food companies breast the tide. Eleven leaders show income, for the 3 months, 1.3% above the 1929 level; 8.6% above that of 1930's second quarter. Not enough statements of motion picture companies have yet been issued to average the earnings of this other exceptional group.

Despite these despondent statistics, a surprisingly large number of concerns are doing better this year than last. Twenty-two of the 131 that have reported show earnings for the 9 months of 1930 that are ahead of those for the same period of 1929. These are National Biscuit, Houston Oil, Gould Coupler, General Foods, Telautograph, Waldorf System, Cream of Wheat, Symington, Anchor Cape Corp., Briggs Manufacturing, Interlake Iron, Scott Paper, Bickfords, Household Finance, Industrial Rayon, Wm. Wrigley, White Rock, American Chicle, Radio Keith Orpheum, International Business Machines, American Ice and Monighan Manufacturing. Seven utilities also look better—Consumers Power, New Jersey Bell Telephone, New York Telephone, New England Power, Mountain States Power, Commonwealth Edison, A.T.&T.

30 Companies Gain

Indications that business pickup has started already in some quarters come out of the evidence that 30 companies had better earnings in the third quarter this year than in the second quarter. The list:—A. T. & T., Otis Elevator, General Cigar, R. K. O., International Cement, American Chicle, Wm. Wrigley, United Biscuit, Lehigh Valley Coal, Johns Manville, Island Creek Coal, Household Finance, Congress Cigar, Atlantic Refining, Artloom, Chicago Pneumatic Tool, Scott Paper, General Railway Signal, Lambert, National Distillers, Union Carbide & Carbon, Cream of Wheat, Telautograph, Penick & Ford, General Foods, Corn Products Refining, Sidney Blumenthal, Hershey Chocolate, General Printing Ink, and National Biscuit. Some of these increases were, of course, seasonal.

The railroads' September operating income was 21.4% below the record for September, 1929, while the 9 months' showing was off 30%. No road reported a 9-month total better than last year's. Only two, Atchison and Great Northern, had a better September.

The positive forecast of much smaller income tax payments by corporations for 1930 points strongly to the imposition of higher rates than those charged for 1929. Individual incomes will also be affected, for 2,000 corporations have already cut dividends and low earnings have hit stock prices.

The circle is complete as these lower incomes reduce purchasing power and point to heightened taxation, both further curbs on business activity.

Mexican Tariff Change Is Promise as Well as Threat

New Schedules, Cutting Our Exports $25 Millions, May Expand Important Machinery Market

MEXICO has joined the tariff-raising band wagon. Ostensibly to protect industry, actually to swell treasury revenues sadly depleted by depreciated exchange on silver, the Minister of Finance has proposed tariff increases which American business hastily translates into an annual trade loss of $25 millions. But closer scrutiny brings to light probable compensations.

Cotton cloth and artificial silk, rubber, and leather manufacturers are destined to feel the brunt of the shock when reckoned in export volume on 1929 data. Cotton manufactures averaged only $294,000 in the export totals to Mexico in 1910-14. Last year they were $3,476,207; artificial silk added $677,000. Rubber products, due to increasing use of the automobile, totaled $3,053,225 last year. Leather manufactures were valued at $1,336,919; leather and skins, $604,840. Other important items likely to be included, and the value of our exports to Mexico last year, are eggs, $676,000; fruits, $854,000; canned foods, $1,462,000; glass, $580,390; and casein, $145,000.

Industrialization Efforts

However, while manufacturers of household and food products will suffer, machinery exporters understand tariffs on their products are to remain the same or be decreased in an effort to encourage the industrialization of Mexico. Makers of canning machinery and farm equipment, in particular, stand to benefit by the new schedule.

Unbiased students of the situation are more pleased than alarmed at the move. The loss of $25 millions in our total foreign trade is very small. Spread over as many industries as it is, none is going to be greatly distressed. In none of these industries is Mexico our principal foreign customer.

Reduced tariffs on our agricultural and industrial machinery and on automobiles will broaden an already important market. Exports of agricultural machinery have expanded from $1,652,000 in 1927 to $2,148,000 last year. Construction machines sent to Mexico last year were worth $1,400,000; are likely to be in great demand if Mexico is able to finance consistently the huge road-building program outlined in Mexico City last spring. Mining machinery imports from the United States last year were valued at $1,857,000. Both automobiles and trucks show spectacular gains. Trucks sent to Mexico in 1927 were worth $1,460,000. Last year, imports totaled 3,796 worth $2,848,000. Passenger car imports jumped from 6,028 in 1927 to 12,676 in 1929; values from $4,129,000 to $8,004,000.

Yankee exports to Mexico began to increase in 1928 and last year showed an increase of 16%, despite decreasing purchases from Mexico. Heavy iron and steel, electrical appliances, machinery, and automobiles profited most in the increase.

Unfortunately for Mexico, most of our purchases have fallen off in the last 4 years. Copper and zinc alone showed spectacular increases. Our purchases of copper rose from $16 millions in 1928 to $25 millions in 1929. Zinc shipments to the United States increased 6 times in value over 1928.

While both Great Britain and Germany will suffer with the United States in the tariff increase, Yankee manufacturers are most favorably situated to profit by the special opportunities for expanding their machinery markets in Mexico.

Europe Misinterprets Our Tariff Policy

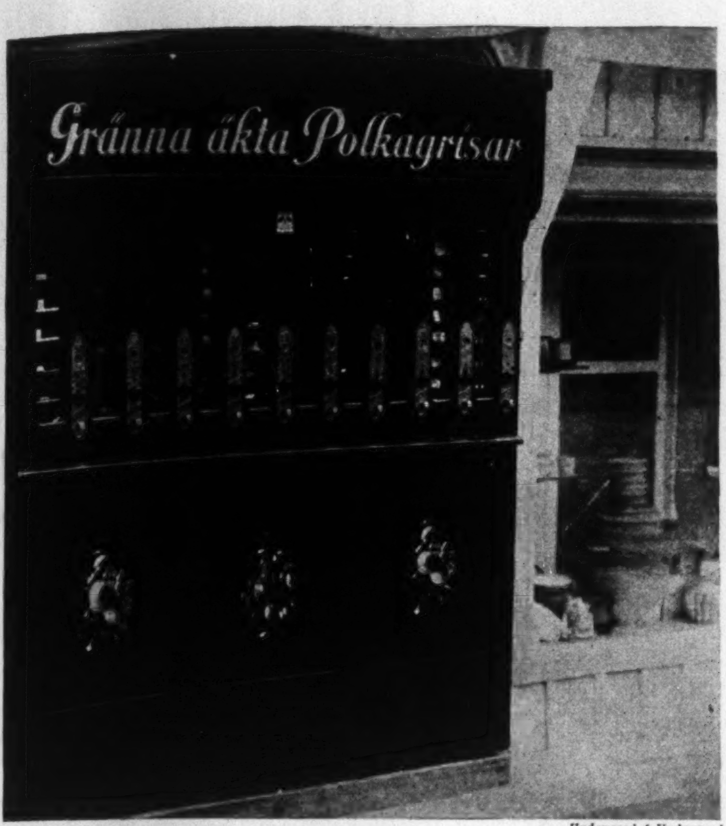
"THE complaints from some foreign countries that these duties have been placed unduly high can be remedied, if justified, by proper application to the tariff commission." Thus President Hoover when he signed the Hawley-Smoot tariff bill last June. By November, Washington has received enough puzzled inquiries from Europe to make it evident that, intentionally or not, Europe's politicians from Stockholm to Athens have interpreted this to mean that the United States is adopting a policy of tariff bargaining, intending a certain disregard for our most-favored-nation agreements.

Face to face with the fact that this in-

Underwood & Underwood

COUNTING OUT THE PESOS

When the value of the Mexican peso dropped from 50¢ to less than 43¢, the Treasury Department began systematic withdrawal of silver coins to augment reserves on outstanding paper



Underwood & Underwood

ANOTHER SLOT STORE

This one in Sweden is mounted outside a store, so that passersby may purchase fruit whether or not the store itself is open

Quick-Freezing Expands The Peach Market

AFTER experimenting for several years with various processes of slow freezing for peaches and other fruits, Georgia has built two commercial plants using the quick-freezing process—Polar Products, Inc. at Monticello and Tom Huston Frozen Foods, Inc. at Columbus.

Peaches are peeled, pitted, sliced, then quick-frozen and packed with pre-chilled syrup or dry sugar in containers of various sizes for hotels and restaurants in 4-portion and individual units for home use.

Silica Gel cars are used for transportation to distributing centers, and retailers have available various types and sizes of glass display cases employing solid carbon dioxide to maintain below-zero temperature.

Use of only tree-ripened fruit gives the quick-frozen product flavor advantages over peaches shipped semi-ripe during the regular season, while ability to keep the frozen product almost indefinitely will make possible utilization of the seasonal over-supply, prevent waste due to an overcrowded market.

Forty carloads of quick-frozen Georgia peaches, 1930 crop, are now being distributed in principal cities.

terpretation is spreading in Europe and causing some false hopes, some ill-feeling toward the United States, Washington has once more explained the meaning of the flexible agreement in the tariff and reiterated that the Tariff Commission is willing to hear complaints from a foreign country that regards some duty as too high.

Significantly though, this is the first time that the United States has officially recognized that a foreign government could have a proper interest in our tariff rates. It may result in embarrassing complications. France, for instance, may complain that the duty on silk goods is too high, whereas investigation by the commission will disclose that Italy is the chief competing country and that the rates against which France may complain are necessary to protect domestic manufacturers from Italian competition.

A few reductions in rates made in response to foreign application would, of course, have an immense psychological influence that conceivably might result in more liberal treatment of American goods by foreign countries. Looked at from this standpoint, the flexible tariff system may result in establishing a sort of left-handed reciprocity.

Department Stores Find Buyers Respond to Real Sales Effort

CURRENT retail sales reports continue to produce evidence that satisfactory sales volume is obtainable at present price levels, that proper goods offered at a proper price will sell, that spot or nearly spot delivery is important as an order-getter, that, to some extent, future sales and profit records of many concerns will reflect the state of confidence of their executives.

Figures from the department store field, most direct and reliable index of consumer sentiment, indicate clearly that buying response is determined by degree of selling attack and value offered; that the slack in sales will be taken up as merchants restore confidence by displaying it.

Demonstrating that sales can go up slightly faster than sales effort, Frederick Loeser & Co., Brooklyn department store, pushed September sales over 50% ahead of 1929 by spending nearly 40% more for advertising. In the Chicago (Seventh) Federal Reserve District average department stores' sales went up 30% in September, against an average September gain of only about 25% for 8 years previous. In Detroit, where employment is increasing, store sales were 59% ahead of the previous month; Indianapolis gained 54%; Milwaukee 35%.

Namm's Department Store, running its regular "Brooklyn Day Sale" which in 1929 brought record sales of $350,000, topped that figure by $150,000 this year, reports an unprecedented public response. Several St. Paul, Baltimore, Salt Lake City department stores are expecting October business to go well over 1929 figures, report more than seasonal increases. Similarly, Portland, Ore., feels the turn, while wholesalers operating out of Seattle and other Pacific Northwest points, find that resumption of lumbering activities has caused consumer buying to deplete retailer stocks and produce a rush of spot delivery orders. Walker's Inc. of Los Angeles, celebrating its birthday with a special sale, recorded daily increases of 10 to 15% in dollar volume over 1929.

Palmer Bros., makers of comfortables, report the biggest week's business in 100 years. One department store expecting to sell 6,000 of its products in a week, cleaned out in 4 days, ordered and sold over 2,000 more that week, which, at the rate of 6 every minute of each business day was an unprecedented record.

An Extra Impetus

With consumers showing a return of confidence and a willingness to buy when prices and goods are right, business interests at large have decided that added impetus is needed and "Buy Now" campaigns are in progress or being planned in many cities.

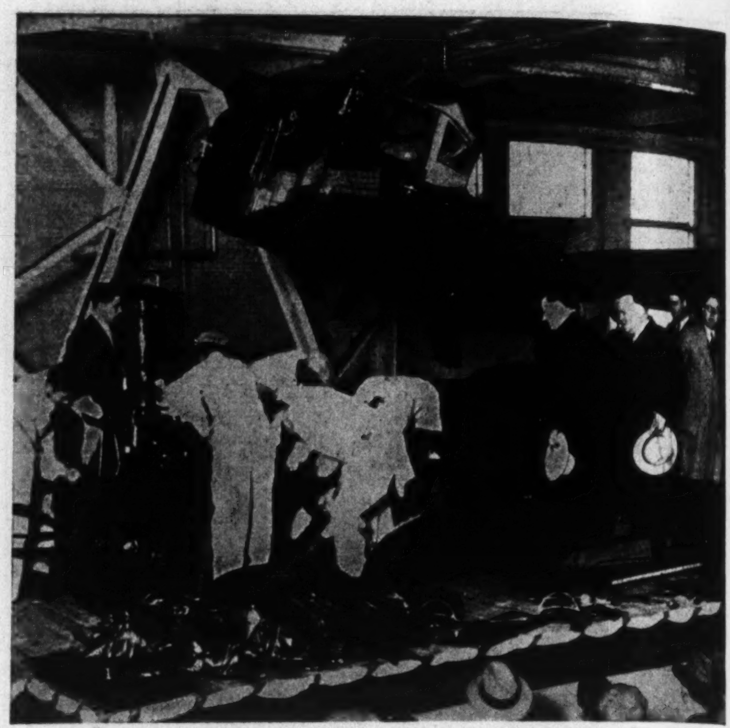
Bridgeport, Conn. began one 2 months ago through its Chamber of Commerce, using large-size copy in local papers, and a civic film to boost community interest in local business.

Philadelphia has a four-week citywide "Buy Now" campaign under way, uses all its local business organizations, women's clubs, theaters, radio broadcasting, newspapers, to carry the message into every home. Gimbel Brothers department store in the Quaker City announced that it had scheduled $5 millions of merchandise to be purchased unconditionally within 90 days, reported Oct. 25 its largest Saturday sale. Other Philadelphia merchants tell of a definite public response.

Values Now and Then

In Buffalo the Marine-Midland group of 17 New York State banks has swung into line with a special "Buy Now" advertising campaign to show the public how present day values compare with those of 1929, to sell the idea that to buy now means investment. An initial survey calls attention to the fact that men's clothing prices are down 7½% to 33%. The group proposes to cover in its copy a full line of consumer goods including clothing, food, furniture, building, remodeling materials, household goods, using newspaper space liberally to tell the story.

Grand Rapids, Mich., has started an intensive drive to restore normal business activity and at Washington, D. C. a "Buy Now for Better Business" campaign is gaining momentum. Julian Goldman, president of Goldman Stores, Inc., chain of 60 department stores, is going into each city where he has stores to organize "Buy Now" campaigns.



International New

FASTEST FREIGHT

The Ford Air Lines celebrated the transport of the 10 millionth pound of freight by carrying a knocked-down Ford roadster from Detroit to Chicago. It left the airport under its own power 42 minutes later

Unusually well-organized is what practically amounts to a "Buy Now" campaign in Minneapolis, under the direction of the Advertising Club of Minneapolis. The program was launched Aug. 3. Newspapers have published broadsides without charge; an outdoor advertising company has provided choice sign board locations for campaign messages, the local broadcasting station, WCCO, has permitted interspersal of its regular program with "Buy Now" messages. Every publicity channel is employed. All copy used emphasizes that to Buy Now does not merely save money but serves to speed up industry and reduce unemployment.

Hardware Men Find Small Orders Costly

X-RAYING various lines of products, analyzing functions in distribution, the National Hardware Association's Atlantic City convention declared war on waste. Seven typical wholesalers were found to average 19,000 items in stock purchased from 1,000 manufacturers; 40% of sales totaled less than $10, cost of handling a ten-item $20 order nearly $4. Even in 1929, the boom year, average value per order was but $20. Annual purchases of one-third the customers were less than $100, and accounted for 2½% of total volume.

Of orders from retail customers, 28% amounted to less than $5, contained 7.1 items each, and accounted for only 2.5% of total sales. Orders over $50 carried 45.5 items and brought 54.4% of sales, the most desirable retail order amounting to $10–$15, carrying but 5.5 items and constituting 5% of total sales.

To determine the value of brands, 12 separate lines of hardware merchandise involving 273 brands and sizes were studied, 48% of the total accounting for 66% of inventory and 90% of total sales.

Items of stock turning but once a year ranged up to 25%. Salesmen brought in 70% of the business, and 80% of all sales were made on 50% of the items.

Studying lines was recommended to manufacturers and distributors, as means of waste elimination, building greater profits. One manufacturer reported profitable elimination of 304 items from a 665-item line. Another found but 370 actively sold, although 730 were carried. Several competing manufacturers divided slow-moving numbers, each eliminating many.

Britain Comes Out of the Murk With a Gain in Retail Sales

Nation Interprets September Buying Pickup, Continued in October, as Break in Depression

By Special Cable to The Business Week

OUT of the gloom of increasing unemployment and depressed markets for almost every one of Britain's great commodities, comes a report to which London is pinning a deal of significance. Retail sales registered a definite pickup in September. More than that, London's thoroughgoing *Financial Times,* in substantiating the story, discovered that the upturn continued in October. Heads of 127 of the country's leading retail stores declare the revival is more than the usual seasonal pickup, that a pronounced "buy-it-now" psychology is developing. With the absorption of stocks on hand, manufacturers are showing optimism.

The figures are revealed in the September report of the recently instituted Board of Trade monthly survey (*The Business Week,* Oct. 8). In August, 86 department stores sent their first reports to the Bank of England where they were cleared and showed that August business had averaged 7% below figures for August, 1929. For September, 127 stores reported an average gain of 10% over August sales, which is 2.1% above the average for September, 1929. With average values this year 6% below those of a year ago, the pickup in business is even greater than is indicated.

True to their proverbial traits, the Scotch are clutching their shillings a bit longer than the rest of Great Britain. Of the 5 merchandising areas into which the Board of Trade has divided the British market, only Scotland showed a decrease in sales over September a year ago. This drop was only 3%. The West London area failed to show any increase, but suburban London was up 3.5%. Quite unexpected was the report of a gain of 4.3% in the northern districts which have heretofore been the center of the depression area. The relatively prosperous south did even better, increasing retail sales 7.3%.

Of the 10 major categories into which the Board of Trade has divided commodities for the survey, 5 showed less than 1% change compared with 1929 national averages. Furniture sales were down 4.6%, the only commodity to be in smaller demand. Fashion goods recorded the largest single gain, 10.6%. Girls' and children's wear were up 6.3%. The average for the women's wear group was 5.9%.

Approaching winter showed its influence in shoe sales, which were up 6.1%. Other significant increases: foodstuffs, 2.6%; men's and boys' wear, 1.5%; fancy goods, 1.1%.

Manufacturers are encouraged by the reports on stock reductions. The average is 5.8% from the figure for 1929, and Scotland showed the greatest reduction, 10.2%. Obviously Scotland, with the highest stock reduction and the lowest recovery of sales, is still in the process of liquidation. In only two categories are stock increases evident: sporting and travel goods, 6.1%, and fancy goods 4.1%. No fewer that 7 lines show stock declines above 4%, of which women's wear reported 8.5%; piece goods, 6.6%; furnishings 6.4%.

All Britain is cheered by the report. The public is inclined to look upon it as one of the most substantial signs that the depression is coming to an end. Retailers, still cautious, can find no evidence that there is any diminution in the trend and are inclined to anticipate steady, though slow, improvement.

Acme

HOW LONDON HANDLES ITS REFUSE

This new rotary refuse truck starts out with a load of clean, empty cans which are exchanged for full ones. As one rack is filled, another revolves into the loading position. No dumping, no dirt or annoyance. American cities using open ash and garbage trucks might profit by the example

Home-made Weather Now Made at Home

HOME-MADE weather, as made for theaters, department stores, hotels, and other buildings used by the public, can now be made in the home itself or in the office. Several concerns producing mechanical refrigerators, such as Kelvinator, Frigidaire, General Electric have announced, or will announce, small air conditioners to make this possible.

The process of making your own weather consists first of cleaning the air with a filter, spray, or both; then regulating its movement, temperature, and humidity. Necessary apparatus includes fans for moving the air, refrigerating machines or heaters for tempering it, and pumps to provide sprays for cleaning and humidifying it.

A typical home unit, the Frigidaire, is designed to condition air for a room of 300 square feet of floor space and occupied by not more than 6 persons. Varying with conditions, this unit will lower the temperature of the room about 10 degrees and the humidity 10%, representing a 15-degree sensible lowering of the temperature. In this unit air is taken in from near the floor; is passed over an evaporator maintained at 40 deg. F. where the air is cooled below the dew point and excess water vapor is precipitated. The air is then warmed slightly, to avoid cool drafts, and is sent into the room. Automatic temperature control and manual temperature selector are provided.

While these devices are considerably more expensive than a mechanical refrigerator, use from 2 to 4 times as much electric current and require a water connection, power and light companies confidently expect that there will develop a strong demand for them next year. They believe people will pay for adequate defense against such weather as we had last summer; that the desirability of air conditioning for sick rooms will increase their popularity.

Indicative of the potential importance of the market for controlled atmospheric conditions in homes, hospitals, offices, and other buildings is the incipient merger of 3 of the largest concerns now making air conditioning, refrigerating, and unit heating and ventilating equipment into a $15 million world-wide organization.

Involved are Carrier Engineering Corp. of Newark, N. J.; Brunswick-Kroeschell Co. of New Brunswick, N. J.; York Heating & Ventilating Co. of Philadelphia. Including subsidiaries, the merger will unit 15 companies, 5 of them foreign. A holding company known as Carrier Corp. will be formed; member companies will retain their identities but will receive common research, sales, and engineering service from the holding company.

Lambs Glut Chicago Market; Packers Try to Widen Demand

EXCEPTING for pork, (half of all meat consumed) wholesale meat prices are from one-fifth to one-third lower than a year ago. Lamb is down most, 30%; beef is down 20 to 35%, depending on grade and weight; veal, 13 to 20%; pork is only slightly reduced.

Stocks of meat in cold storage are low, 26% under last year, 14% under the 5-year average. We eat 45 million pounds of meat a day—not so bad for a "depressed" people. If no fresh supplies were forthcoming it would take only 14 days to eat all in cold storage.

But lamb has given the packing houses a hard struggle in 1930. One Chicago packer summed it up recently when he said, "It's raining lambs."

Lambs slaughtered under federal inspection in September totaled 1½ millions, one-fourth million more than last year, one-half million more than in September, 1925.

Increase in sheep and lamb population, from 38 million in 1925 to 49 million this year, is the main cause of the glut. The drought is a secondary cause. Middle Western farmers who in late summer and early fall regularly import western lambs to fatten were discouraged from doing so by burned pastures. As a result, Western producers have been forced to send animals direct to slaughter for whatever they would bring.

Chicago Live Stock Exchange, which inaugurated a hog futures market early this year, attempted this summer to start a lamb futures market to deal mainly in feeders. The drought cooked the project, for the time being, at least. Farmer buyers in the Middle West, uncertain as to their ability to feed profitably, have declined to commit themselves ahead. Western sellers, in the habit of receiving deposits on future contracts instead of making them, have declined to sign up. Better results are hoped for in another, and more normal, year.

Retail prices are fairly well adjusted to the new low wholesale levels. Merchandising of lamb is more intensive than ever before. In many meat markets it is being featured as a sales leader.

Consumption is considerably increased. In 1929 it was 5.8 pounds per capita, against 51.4 for beef, and 72.8 for pork. While the amount consumed was comparatively small, the increase over 1928 was more in the case of lamb than in any other meat, 4.5%. For the first 8 months of this year slaughter was 17.1% more than in the same period last year. Well-informed observers expect the 1930 per capita consumption to reach 7 pounds.

Where lamb is eaten, consumption is considerably more than 7 pounds, but it is not eaten everywhere. Sales are mainly in the East, particularly in the big cities, and in the far West. Of all lamb, 75% is sold east of Buffalo and Pittsburgh, and in California. In between it is little eaten, except in big cities. In scores of sizeable communities it is seldom found for sale.

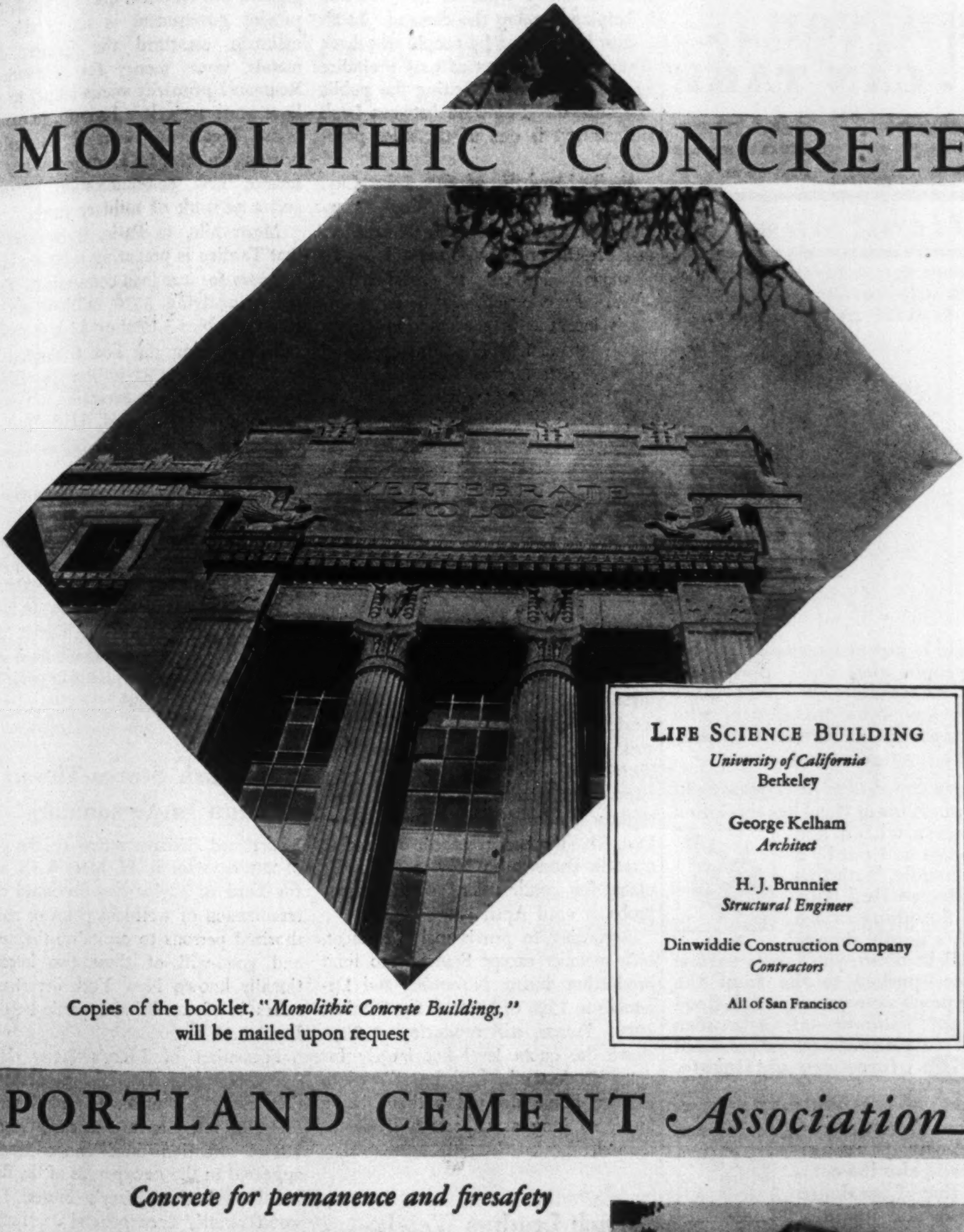
Low prices, intensive merchandising,

Pacific & Atlantic

COW TO BOTTLE

R. R. Graves, of the Department of Agriculture, inspects his device at the Maryland Experimental Station. The milk is drawn, cooled, and bottled without human hands

MONOLITHIC CONCRETE



Life Science Building
University of California
Berkeley

George Kelham
Architect

H. J. Brunnier
Structural Engineer

Dinwiddie Construction Company
Contractors

All of San Francisco

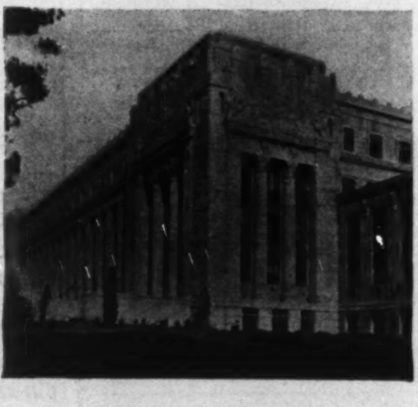
Copies of the booklet, "*Monolithic Concrete Buildings,*" will be mailed upon request

PORTLAND CEMENT *Association*

Concrete for permanence and firesafety

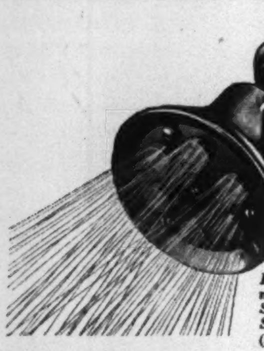
33 West Grand Avenue
CHICAGO

A National Organization
to Improve and Extend the Uses of Concrete



NOW YOU . . .
. . . CAN TAKE
a needle shower
a normal shower
a flood shower

all from the same shower head by simply turning a handle—and it will never stop up!



K-3395 — Speakman Anystream Self-Cleaning Shower Head. (Pat. Jan. 2, 1923)

THIS is especially good news for people who, until now, could not take a satisfactory shower because of too low water pressure or who experience the annoyance caused by the shower head stopping up.

The new Speakman Anystream Self-Cleaning Shower Head has six slotted plungers which are moved in and out by a lever handle. With this handle pulled forward the plungers are set for a needle shower—straight down, you take a normal shower—pushed to the front the water pours over you in a full-flood shower—all in-between degrees of volume and force are obtainable.

Needle

Normal

This head can be put on any shower. Your plumber carries it; also the complete line of Speakman Showers and Fixtures.

Flood

SPEAKMAN COMPANY
WILMINGTON, DELAWARE

SPEAKMAN
SHOWERS & FIXTURES

Please send your folder on the Anystream Self-Cleaning Shower Head.

and missionary work in new markets is helping develop the demand. Lamb is now being eaten by people who have always had some sort of hazy prejudice against "mutton." (Getting the public to realize the distinction between lamb and mutton is one of the sales problems.)

F. R. Marshall, of Salt Lake City, secretary of the National Wool Growers Association, is hopeful. He realizes that present price levels mean losses to producers. He sees no prospect for decreased production. But he terms this year's increases in consumption "quick but permanent." New markets and broader outlets now opening up give promise of permanently increased demand that will enable producers to sell larger crops at higher price levels in the future. Lamb is a tasty and healthful meat. Those who start to eat it continue.

Concession to France Keeps Steel Cartel Alive

By Special Cable to The Business Week

THE European steel cartel, outstanding instance of Europe's efforts to meet world competition on a united basis and striking example of Franco-German industrial cooperation, has weathered the latest storm. Existing agreements, only slightly modified, are to stand until Dec. 31. Further, members decided to meet in Brussels on Nov. 5 to discuss plans for continuation of the cartel, probably until April 1.

According to provisional agreement, each member except France is to limit production during November and December to 75% of his total for October, 1929. France, still producing at 20% above the quota level but largely for domestic demands, is to be allowed to fill the home demand without being fined, so long as exports are not increased.

French Leaders Weigh Huge Financing Projects

By Special Cable to The Business Week

BIG projects, important to the entire financial world and significant in their influence on the European political situation, are developing in Paris.

The visit to Angora, Bucharest, and Belgrade of the French Minister of Commerce, M. Flandin, has probably stirred most widespread speculation. Obviously French loans are contemplated. Turkey, still harnessed with the gigantic old Ottoman debt on which the present government is scarce able to maintain one-third the interest demands, wants money for refinancing. Roumania primarily wants money to relieve acute agricultural mortgage conditions. Jugoslavia, worried by Italy's growing interest in Hungary, wants to finance new communication systems, and a network of military roads.

Meanwhile, in Paris, it is expected that Tardieu is preparing a far-reaching program for war loan conversions. Two issues involving $370 millions are already callable; 3 totaling $2 billions are callable during the first 6 months of 1931; 2 totaling $1 billion are callable in 1932. With one exception, all issues bear 5% or 6% interest. Under present conditions, conversion to 4% or 4½% is considered possible.

Political opposition is not improbable since the present bonds are scattered over a large portion of French population and the public, having already lost four-fifths of its capital investment through currency depreciation, is loath now to accept a cut in the interest rate. But such a cut would permit fiscal savings of $60 millions annually with resultant tax reductions.

New York Stores Thwart London Impersonators

SWIFT and decisive action on the part of attorneys for R. H. Macy & Co. and for Lord & Taylor has prevented materialization of well-laid plans of unauthorized persons to capitalize the name and good-will of these two internationally known New York department stores in Great Britain, particularly in London.

Formation of Macy's Stores, Ltd., London, and Lord & Taylor, Ltd., London, completed under English laws by the same interests in each case, did not attract attention until announcements appeared in the newspapers of the British capital that Macy's Stores, Ltd. would shortly open general department stores at various points.

After the first London location had been selected, Macy's Stores, Ltd., advertised early in August, offering positions to buyers, sales persons, etc. Similar procedure was followed by Lord & Taylor, Ltd.

Immediately upon being advised of these obvious infringements, R. H. Macy & Co. and Lord & Taylor instituted action in the British courts, succeeded in obtaining injunctions which put a stop to this use of their names.

OVER THE MOUNTAINS WITH MAMER

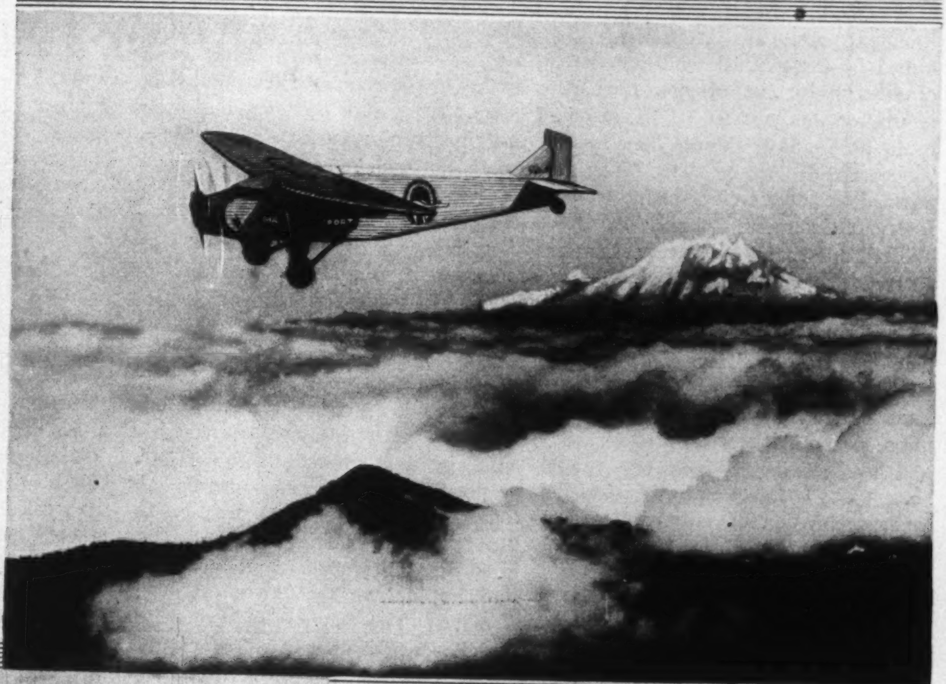
THE FORD PLANE

The Ford plane is planned, constructed and operated as a commercial transport. Built of corrugated aluminum alloys, it has great structural strength and durability, and is most economical to maintain in operation. The uniformity of its material is determined by scientific test. All planes have three motors in order to insure reserve power to meet and overcome emergencies. The engines may be Wright or Pratt & Whitney, totaling from 675 to 1275 horsepower. Ford planes have a cruising range of from 580 to 650 miles at speeds between 55 and 155 miles per hour. Loads carried from 3630 to 6000 pounds.

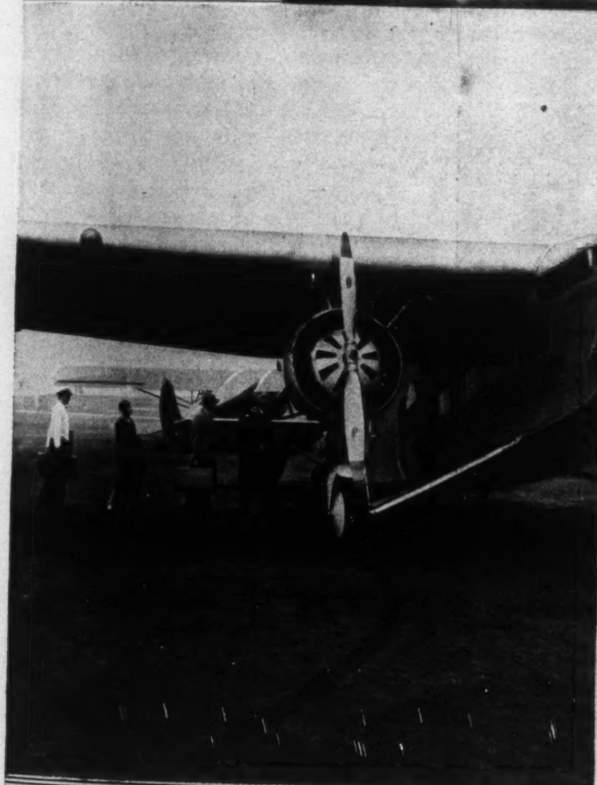
The capacity of these planes is 9 to 15 passengers and a crew of two (pilot and assistant). Planes can be equipped with a buffet, toilet, running water, electric lights, adjustable chairs.

The price of the Ford tri-motored, all-metal plane is exceptionally low —$40,000 to $50,000 at Dearborn.

Ford branches will be glad to give you information on the Ford tri-motored, all-metal plane in all models.



An M-A-T Ford transport above the clouds



At Spokane in the sunny Inland Empire

EVERY DAY a Ford tri-motored, all-metal plane soars over Seattle and Tacoma, circling up like a homing pigeon, above mountains and clouds to an altitude of 12,000 feet; then, heading eastward across the white and green crests of the Cascades, it flies in a bee-line for Spokane, through the golden sunlight of the Inland Empire. Within an hour it rolls gently to the landing-stage.

Mamer Air Transport operates two Ford 4-AT transports over this air-line, each day winging across the mountains and over clouds smoothly and dependably.

After a full year of operation the Mamer Transport Company reports:

"To date we have not had one cent of maintenance cost as a result of wear and tear."

This is one reason why both operators and the flying public use Ford tri-motored, all-metal planes for commercial, private and military use.

FORD MOTOR COMPANY

Visitors are always welcome at the Ford Airport at Detroit

I.C.C. Says Railroads Ask Help But Won't Help Themselves

Blamed for Loss of Revenue, Commission Retorts That Carriers, Too, Cut Rates, Fear Increases

RAILROAD men are increasingly disturbed by the gradual whittling down of rates which has brought their net return for this year to 3.59% in contrast with the 5¾% allowed them by the Transportation Act of 1920. They are inclined to put the chief blame on the Interstate Commerce Commission.

"Railroad managers have felt great concern about the future of railways before, but they never felt more concerned about it, or with more reason, than they do now," says *Railway Age*. "The large reduction of Western grain rates ordered by the Interstate Commerce Commission after Western lines had been making the poorest earnings since 1921, is sufficient justification for the apprehension of railway managers regarding future regulation of rates."

Levelling Downward

Says W. B. Storey, president of the Santa Fe: "The commission is constantly being asked for lower rates by different localities or by different industries, always with a view of obtaining an advantage over some other locality or competitor. The commission, in considering such petitions, if it finds that inequalities exist, almost always lowers the high rate instead of raising the low one."

The I.C.C. point of view on these allegations, never officially expressed, is known to run along the following lines: The railroads can initiate increased rates if they desire. The law does not give the commission authority to do what the railroads apparently hesitate to do; it can start investigations for a general readjustment of rates but otherwise it is empowered to act only on proposals made by the railroads and complaints filed by shippers. Tariffs filed by the rail carriers become effective in 30 days unless protests received from shippers indicate that investigation is advisable. The commission may order cancellation if it finds that the increased rates are not justified. Its decision must be in accord with the preponderance of evidence. The burden is on the railroads to bring in proof that increased rates are warranted—and they do not present the proof.

Tariffs on file with the commission reveal that the roads frequently have not raised rates to the maximum authorized. For instance, the present rates on steel and on Mid-Continent oil are lower than those authorized.

Voluntary reductions in rates appear to be more numerous than might be expected in view of the precarious condition of rail revenues. Drastic cuts in rates on rayon and cigarettes in the South, for instance, are cited. One road surrenders to a shipper; others follow suit to hold their share of traffic.

"What More?" Says I.C.C.

Prior to and since the Hoch-Smith resolution, in which Congress instructed the commission to undertake a general revision of the freight rate structure, the commission has prescribed rate bases which it believes to be fair to the carriers. The new class rate scales that now blanket the East, South, and West were calculated by the commission to provide revenues producing the standard rate of return on this type of traffic. The reports in the Eastern and Western class rate cases were issued last June, at which time the commission expressed the hope that the rates could be put into effect the next month. It now appears they will not become effective until next June and it is known to be the commission's view that, if the railroads were really anxious to step up rates, they would have made better time in filing tariffs. It is reported that the roads are loath to increase rates at this time, fearing that further reductions in traffic would follow. In the light of these facts the commission feels that it might ask of the railroads, "What more can we do?"

International News

AT THE MAJOR INDUSTRIES CONFERENCE

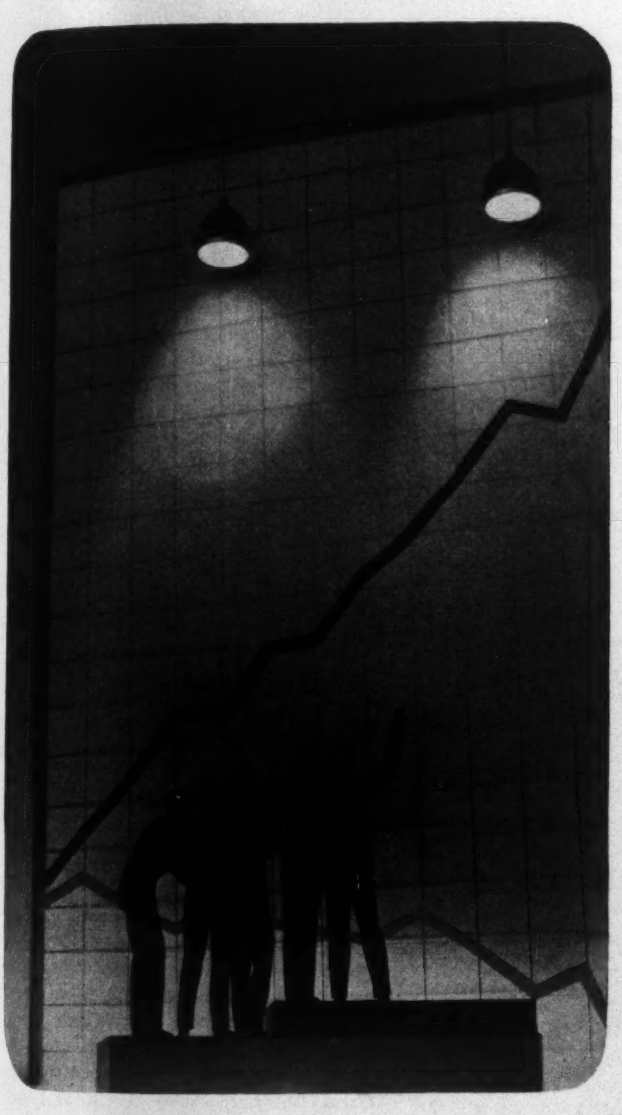
W. B. Storey, president of Atchison, Topeka & Santa Fe, Harvey S. Firestone, Jr. (rubber), and R. C. Holmes, president of Texas Oil Company, at the Chicago meeting

Railroads and Buses Discuss Peace Pact

IN an attempt to bring an end to the rate war between railroads and long-distance bus lines which, in many instances, has resulted in the lowest fares in the country's transportation history (*The Business Week*, Sept. 3) executives of the rival camps are now engaged in a series of conferences. An organization has been formed—the Motor Bus Executives Conference—to carry on the work permanently.

Rail men are said to favor a bus rate approximately 15% below the regular

Even in periods of business depression Certain Companies FORGE *AHEAD*



THE REPORT of a large New York bank on the net profits of 550 industrial corporations for the first half of 1930 shows an average drop of 30.4%.

However, all corporations in the same line of business are not faring equally. All are not down.

Occasionally you hear of a company that is faring better than average—rarely of one that is said to be AHEAD. What are the facts?

In our own experience the facts may be interesting:

Of our clients manufacturing or distributing food products, a comparison with 1929 reveals that 85% are AHEAD.

In the baking field, although the industry as a whole is reported 14.3% off, our clients are *all* AHEAD.

Our clients in the drug field are AHEAD from 8% to 38%. One which began advertising this year in a highly competitive line is 105% AHEAD.

Third-quarter reports for these companies continue to be impressively favorable, with indications that the last quarter will be no exception to the trend.

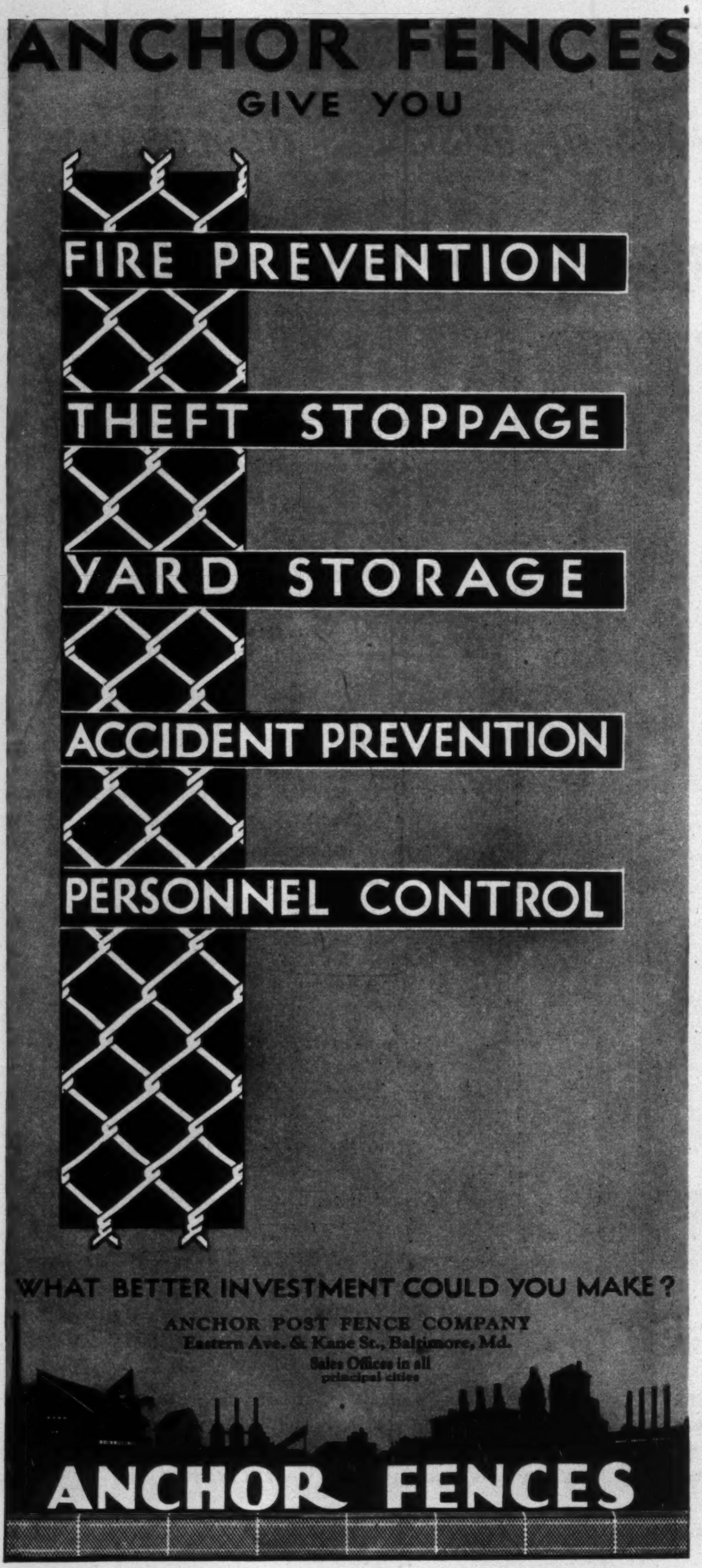
The figures reveal that of all clients whose sales positions are reasonably dependent upon advertising:

75% are AHEAD of 1929 positions.

87.5% are AHEAD of 1928 positions.

J. WALTER THOMPSON Company

NEW YORK CHICAGO ST. LOUIS BOSTON CINCINNATI SAN FRANCISCO LOS ANGELES
MONTREAL ✝ LONDON PARIS MADRID BERLIN STOCKHOLM COPENHAGEN
ANTWERP WARSAW ✝ ALEXANDRIA PORT ELIZABETH ✝ BUENOS AIRES SAO PAULO
BOMBAY ✝ MELBOURNE SYDNEY ✝ BATAVIA ✝ WELLINGTON



ANCHOR FENCES
GIVE YOU

FIRE PREVENTION

THEFT STOPPAGE

YARD STORAGE

ACCIDENT PREVENTION

PERSONNEL CONTROL

WHAT BETTER INVESTMENT COULD YOU MAKE?

ANCHOR POST FENCE COMPANY
Eastern Ave. & Kane St., Baltimore, Md.
Sales Offices in all
principal cities

ANCHOR FENCES

train fare, depending on certain features of rail travel to counteract the difference in fare. Committees are to make surveys which will be used in a tentative agreement between the two competitors.

Railroads in the conference: Milwaukee, Santa Fe, Great Northern, Rock Island, Cotton Belt, Missouri Pacific, Southern Pacific, Denver & Rio Grande Western, Northern Pacific, Union Pacific, Burlington, and Chicago & North Western.

Bus lines: Pacific Greyhound, Pickwick Greyhound, Southland Greyhound, Eastern Greyhound, Northland Greyhound, Interstate Transit, Atlantic-Pacific Stages, Nevin Bus Lines, Union Pacific Stages, Missouri Pacific Transportation, Burlington Transportation, and Southwestern Transportation.

Railroads May Cut Rates To Fight Pipe Lines

THAT the railroads are not going to stand by and see the gasoline pipe lines take away business without a struggle is indicated by the investigation to be made by railroads serving the Northwestern states, with a view to posting rate reductions on gasoline to compete with pipe line transportation costs. Two pipe lines are now under construction from the Mid-Continent field to that region. Announcement of railroads' plans was made this week by J. R. Koontz, vice-president of the St. Louis & San Francisco Railway Co.

Western Railroads Slash Hours in "Schedule War"

WITH a new 3-hour cut in the running time of the Great Northern's Empire Builder between Chicago and North Pacific Coast points, faster trains throughout the entire West with an hour or more cut off of the schedules of every well-known train west of the Mississippi are in prospect and a "schedule war" is on among the Western roads.

It was Ralph Budd, president of the Great Northern, who precipitated the war when, after the 72-hour Chicago-Seattle time had been cut to 68 hours, he announced that the Empire Builder would make a 63-hour run. This threw consternation into the hearts of railroad men for it marked the first constructive step in a decade to make drastic reduction in the slow times which formerly prevailed throughout the Western territory. Transcontinental trains have maintained average speeds between terminals of not more than 35 miles an hour for years.

The Northern Pacific promptly met the challenge and cut its North Coast Limited schedule even more, making a 61½-hour eastward schedule. Now Great Northern's Empire Builder has made it 60 hours and the Milwaukee Road has duplicated this schedule with its Olympian.

The present battle will follow the one of last year when, in order to maintain "parity" between Coast cities, the Union Pacific had to speed up its Portland Limited to meet the Chicago-Seattle times and this, in turn, aroused protest from California points which had always benefited by a 5-hour faster time from Chicago than the North Coast cities enjoyed.

Budd Forecasts Orders For Russian Railroads

FOR a "broken down" system, statistics concerning the Russian railroads revealed by Ralph Budd, president of the Great Northern Railway, after his survey of the entire Soviet system, are paradoxical.

Freight traffic density per mile of road on the Russian railways equals that on United States railways; passenger traffic density is 3 times the average in this country. There is a larger percentage of double-tracked road on Russia's 50,000 miles of operating lines, than on the 250,000-mile American system.

With one-fifth as much mileage serving a population one-third greater than the United States, the Soviets have decided that considerable expansion is necessary at once if the Five-Year Plan is to be realized. Although Soviet industry is gearing up to supply a fair portion of the $3 billions of equipment which will be necessary for the modernization program, Mr. Budd anticipates that the bulk of the initial orders at least will be placed in the United States and that a staff of 160 or more American railway executives will be employed by the Russians to direct the huge program.

Canadian Street Railways Add Fares, Reduce Costs

CANADIAN electric railways reported this week an increase of $2 millions in passenger revenues for 1929 over the previous year. Operating income was $21,107 per single-track mile. Operating expenses at the same time dropped from $16,438 per single track mile to $16,102 largely because of the introduction of one-man cars. Number of passengers carried increased during the year from 808 million to 836 million in spite of the fact that automobile registrations were 133,000 more than in 1928.

For several years there has been an improvement in the financial condition of the Canadian electric railways. In 1921 only 19.5% of total revenue was available to pay interest and dividends; in 1928 the amount was 33.33%. Wages, however, continue upward, being 98.6% higher last year than in 1913 and nearly 3% higher than in 1928. The rise is twice as great as the increases shown in fares and living costs.

From 13 buses operated by Canadian street car companies in 1921 the total has grown to 540 in 1929. In 1929 the increase was 18%. There has been a distinct trend toward the purchase of independent bus lines by the electric railways.

Industrial Selling dons Seven League Boots

INDUSTRIAL MARKETS are sprawled over 48 States. To reach these profitably, industrial selling must jump the barriers of time and distance, must tell the story of products, processes, machines, and methods to all markets simultaneously.

A SYNTHETIC WAX that melts, but can't burn, is born in the laboratory. Industry has scores of uses for it. Selling dons the "Seven League Boots" of Industrial Advertising and inquiries flood in. ◆◆

FACTORIES used radiated heat for years and years. Most of it traveled to the roof. Equipment for directed heat was developed. With the aid of "Seven League Boots" directed heat has practically displaced radiated heat in a few short years.

A NEW ELECTRO-PLATING MEDIUM is discovered. Its brilliant lustre won't stain or tarnish. It is too hard to scratch. "Seven League Boots" carry the news to all industry. A new era dawns for electro-plated products, and there is a slump in the market for polishing paste and elbow grease. ◆◆

Successful industrial selling has donned the "Seven League Boots" of Industrial Advertising and is hurdling every obstacle in the race for industrial business. ◆◆

RICKARD AND COMPANY, INC.
GRAYBAR BUILDING, 420 LEXINGTON AVENUE, NEW YORK
INDUSTRIAL ADVERTISING SINCE 1912

Hearings Reveal Extremes of Reciprocal Buying Abuse

Shippers of Heavy Tonnage Can Sell Roads Ice, Meats, Rails, Regardless of Price or Quality

AFTER a month's work the Interstate Commerce Commission has taken time out to digest evidence gathered in its first big inquiry into reciprocal buying, now under way. Chicago hearings recessed Oct. 24. So far practically all witnesses have been railroad men. Before long, it will be the shippers' turn to tell their side of the story, it now appears.

Some 2500 letters, telegrams, and memoranda from railroad files are now in the record, along with answers to thousands of questions. It is expected that hearings will be resumed in a few weeks, possibly at St. Louis, and that subsequently they will continue at one or more Eastern points, as Cleveland and New York.

As the hearings have continued, the mass of evidence of reciprocal buying abuses of varying degrees of flagrancy has increased daily. Traffic is indeed a powerful "big stick." Reciprocity is much more than just being nice to friends. Often it is, only too obviously, just plain racketeering.

Attorney-General Watches

Further high-handed use of traffic pressure by big packers is being disclosed. A representative of the Attorney-General, believed to be an observer for the consent decree case, has been sitting in on all the hearings.

An incident to which the Rock Island was party is pertinent. Meats for dining cars were being purchased from a middleman, Cudney & Co. On July 1, 1927, A. Mackenzie, vice president of traffic, requested F. D. Wickham, dining car superintendent, to buy from Swift and Armour instead. Mr. Wickham replied:

"It was through our dealings with Cudney & Co. that we were able to effect a saving of 25% to 35% on our fresh meat requirements. Previous to purchasing from Cudney & Co., all of our fresh meat requirements were placed with Morris & Co., and as they had practically no competition, the prices charged were entirely out of reason." (Morris & Co. is now merged with Armour.)

Mr. Mackenzie testified that the packers got the business nevertheless, and have had it since.

Icing contracts between various railroads and Continental Ice Co., in which Richard O'Hara, traffic manager of Swift & Co., is an important figure, are being probed. Some observers state that, looking at it from the packers' point of view, these ice affairs are potentially the most embarrassing thing that has come out—more so than the draft gear matters recounted in *The Business Week* two weeks ago.

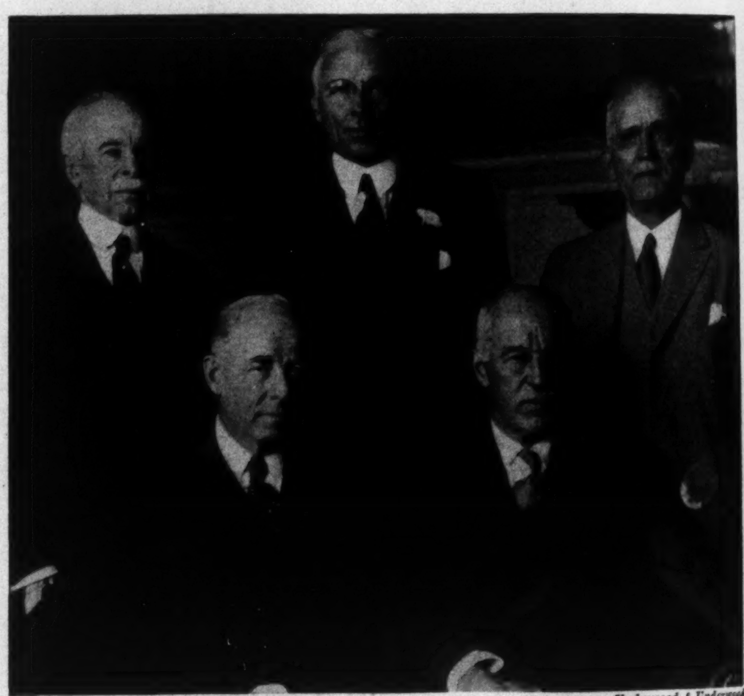
Long Contracts Signed

A number of the main Western roads have contracted with Continental Ice Co. to build plants and handle icing requirements. At a time when Continental Ice Co. was comparatively a newcomer in the field, railroads, without asking for competitive bids, signed contracts running from 5 to 20 years, calling for prices for ice that appear to be higher than could be obtained elsewhere.

The Heywood-Wakefield Co., after losing out on a car seat order, declared an embargo on the Chicago & North Western. President Fred W. Sargent got busy. In a long wire to the furniture company he said: "Our general purchasing agent made special effort to give you this business and held up bids giving your company opportunity to meet low bid." Peace was soon declared. Mr. Sargent then wired the G.P.A.: "Please place your orders with Heywood-Wakefield for current business and hereafter see me before letting contracts for new cars."

Edward Hines Lumber Co., in another interesting case, was not forced to swing the stick. It was enough merely to call attention to it.

Hines, a shipper of 10,000 cars per year, bought 200 used open-top freight cars from New York Central for use

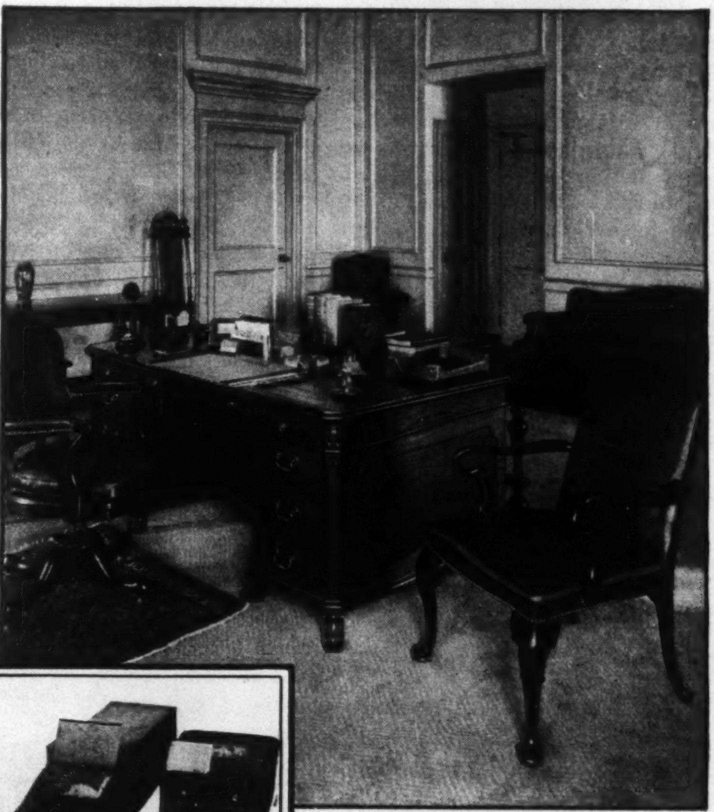


Underwood & Underwood

AT THE PHILADELPHIA WORLD TRADE LUNCHEON

Left to right, seated, are Thomas W. Lamont, banker and Morgan partner; General W. W. Atterbury, president of the Pennsylvania Railroad. Standing, left to right, are Edward T. Stotesbury, senior partner of Drexel & Company, Morgan affiliate; Joseph Wayne, Jr., president of the Philadelphia National Bank; and Philip H. Gadsden, vice-president of the United Gas Improvement Company, and president of the Philadelphia Chamber of Commerce. The meeting was in the interests of the International Chamber of Commerce

Your Papers are Safer from Fire in *Wood Furniture*



Executive's office, **Massachusetts Mutual Life Insurance Company,** *Springfield, Mass. Charming, dignified through the "natural" beauty of wood.*

TRY this experiment—hold a lighted match under a paper clip. Note how the metal glows . . . red hot. But the match does not become warm until the flame reaches the fingers.

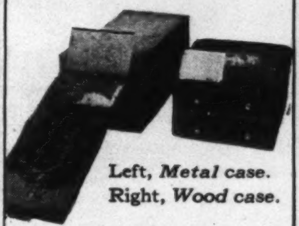
This explains why wood desks preserve papers and valuable data from fire. Many materials transmit heat . . . "cook" papers. Wood desks, though they may char or burn, keep heat away from contents.

Wood office furniture has many other exclusive advantages. It is stronger, pound for pound . . . warm and friendly to the touch . . . and its natural beauty cannot successfully be imitated.

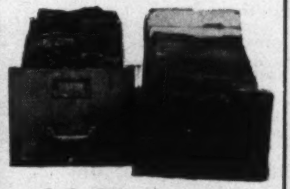
The leading American manufacturers of wood office furniture provide a wide range of appropriate models—period suites for executives . . . desks and chairs for other employees . . . furniture for all office needs. Consult your local dealer.

• • •

SEND for the free booklet, *"Planning the Modern Office in Wood,"* which contains data on office planning and a chart that will help you lay out an attractive, efficient office. WOOD OFFICE FURNITURE ASSOCIATES, INC. Affiliated with the National Lumber Manufacturers Association.



Left, *Metal case.*
Right, *Wood case.*



Left, *Files in metal.*
Right, *Files in wood.*

AUTHENTIC EXAMPLES of the destruction by fire of documentary records in metal cases which became red hot, burning their contents to a crisp. Note that the wood cases kept papers intact and free even from smoke smudges.

Wood office furniture, damaged by fire, can be scraped . . varnished . . polished . . easily restored to original condition.

THE CROWELL PUBLISHING COMPANY, *New York City. This organization uses over 550 wood desks and 800 wood chairs. Employees accomplish more when they have the comfort and friendliness of wood office furniture.*

Mail Today . .

WOOD OFFICE FURNITURE ASSOCIATES, INC.
Dept. 111, Graybar Building, New York City

Gentlemen: Please send me the free booklet, "Planning the Modern Office in Wood"

Name______________________________
Address____________________________
City_______________State____________

WOOD OFFICE FURNITURE

on its logging properties in Oregon. To have shipped these cars direct would have meant paying about $150 freight each, $30,000 in all. The Hines Co. asked the railroads to hunt up loads for these cars. C. & N. W. freight solicitors were kept busy for several months. Eventually loads were found for the cars for at least part of the distance to Burns. Thirty-nine of the cars were moved as far south as Birmingham, Ala., to find loads. Most of them were stored for weeks around Chicago, free of charge. All this effort was in order to help the Hines Co. avoid paying charges for transporting freight cars. Such is not far removed from rebating, a criminal offense for which both railroads and shippers are liable.

In other cases—by far the most numerous—it is neither necessary to swing nor mention the "big stick." The railroad's knowledge that it exists is sufficient.

Timidity of railroad officers, unfortunately too prevalent in their dealings with big shippers, is revealed in the following excerpt from an Illinois Central office memorandum (page 1701 of exhibits introduced) concerning allocating an order for 30,000 tons of steel rails. A. F. Blaess, chief engineer, wrote to J. J. Bennett, purchasing agent, Nov. 27, 1928:

"You, no doubt, recall that the rails from the T. C. I. **(Tennessee Coal,** Iron & Railroad Co., a U. S. Steel subsidiary) will give very poor service in our main track as compared with the product of the Illinois Steel and the Inland Steel Companies. Rate of failure of the T.C.I. & R.R.Co. product for the 6 years ending 1927, is from 4 to 7 times as great as that from either of the other two mills, with the exception only of the year 1926."

"In view of the foregoing," Mr. Blaess continues, "I am very much averse to placing any considerable tonnage of our 110-pound rail with the T.C.I. Co. However, I presume traffic conditions justify action that may not be in harmony with the above." Mr. Blaess also pointed out that purchase from T.C.I. would involve excessive cross-hauling and back-shipping of rails.

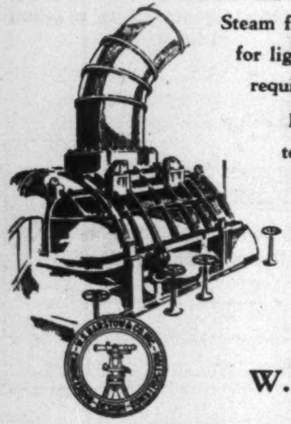
Mr. Blaess Was Right

Mr. Blaess' presumption was correct. The order was apportioned as in previous years, according to traffic: 11,100 tons to Illinois Steel; 6,900 to Inland; 12,000 to Tennessee Coal & Iron. Before it was placed, however, the T. C. I. Co. assured the I. C. C. that it had taken steps to correct past defects in its product, the result of its high phosphorus ores.

Already purchasing officers of railroads are keeping in drawers of their desks copies of papers reporting disclosures made to Interstate Commerce Commission. When traffic pressure is applied, the purchasing officer says to the shipper with something to sell, "We'd better watch out. You know the I. C. C. is investigating this kind of deal. You would not want me to be subpoenaed and have to go in and tell what I know, would you?" Already there has been a lessening of reciprocal buying pressure on railroads. Publicity gets the credit.

Shall Roads Do Routing?

A second possible effect, not at all pleasant for most business men to consider, is the denial to shippers of the right to specify routings. Once upon a time railroads did the routing, with the originating line specifying how each shipment should go. If shippers abuse their privileges to the extent that they impair railway operating efficiency, which is now the case, the right to route shipments might conceivably be given to railroads again. There would be certain advantages. Industry could get along with fewer traffic officers. Shipments would, in many cases, be considerably more direct than at present—testimony given at the Interstate Commerce Commission hearings cited a case where for backscratching reasons a car was routed 300 miles out of the way in making the 900-mile trip, Chicago to New Orleans.



One Contract Becomes Two

With Barstow's Help

HARVARD'S steam plant was to be torn down. This created a potential opportunity for the Cambridge Electric Light Company, which was already supplying the University with electricity. The possibility of furnishing steam as well was seriously considered.

Concerning ways and means, Barstow engineers were consulted. Special conditions, they found, would permit the use of a back pressure turbine. This would result in advantages to both the Utility and the University.

Today, under the terms of a ten year contract, the Cambridge Electric Light Company supplies Harvard University's steam as well as its electricity. Steam for heat, hot water, cooking, and electricity for light, power, ventilation—as much as would be required by a fair-sized town.

Barstow engineers may be able to help you also to increase your volume of business by reducing operating or construction costs.

Our twenty-page booklet will be forwarded on request.

W. S. BARSTOW & COMPANY, Inc.

Engineering—Design—Construction

120 Wall Street
New York, N.Y.

412 Washington Street
Reading, Penn.

Gasoline Price War Spreads; Both Sides Say, "Unfair"

A PETROLEUM price war has been raging for weeks in nearly all marketing areas, but with particular fervor in the Middle West; has driven retail gasoline prices far below production costs; has driven Mid-Continent crude to the lowest level since before the war.

The climax in crude oil price changes came this week when additional cuts brought prices offered by virtually every important buyer of Mid-Continent crudes to the lowest levels in 15 years. Magnolia Petroleum Co.—subsidiary of Standard Oil of New York—dropped its posted prices by from 17 to 38 cents a barrel depending on gravity tests. This followed similar cuts by Stanolind Co. —Standard of Indiana subsidiary—in its Oklahoma and Kansas prices. Previously, major purchasers in Texas had put similar reductions into effect.

Fight Starts in Ohio

Major battles of the gasoline price war began in Ohio where, at Toledo and Akron, quantities of so-called "bootleg," "gyp" and "distress" gasoline offered at cut prices brought about retaliatory cuts by the big marketing companies. The Toledo battle was relatively short; the Akron struggle still rages, has forced gasoline prices from the August level of 21¢ a gallon to 12¢.

During the next few weeks the battle spread to Detroit, to Minneapolis and St. Paul, to St. Louis, to the entire state of Ohio, to Louisiana, Arkansas, and Tennessee, to territories served by Standard Oil companies of New Jersey, Indiana, Nebraska, and Louisiana; to New England.

The large companies cite unfair competition from distress gasoline as the reason behind price cuts. With overproduction and increasing stocks, they say, many small refiners have been unable to store additional gasoline or have been obliged to dispose of some of their stocks at almost any price in order to improve their cash position. These sales, frequently made through distributors who have no permanent organization, who sometimes evade payment of state taxes, who are often fly-by-night operators, are at cut prices. In the face of this competition the major companies maintain they have no recourse but to meet the cuts even though this means sales at below cost.

Independent gasoline jobbers are not in entire accord with this version. In Detroit, 10 independents have brought suit against Standard Oil of Indiana, White Star Refining Co., Shell Petroleum Corp., Sun Oil Co., Sinclair Refining Co.; have charged them with a combination in restraint of trade and with threatening a price war unless the independents stay within 2¢ of the posted price for gasoline. Citizens in Bay City, Mich., have asked the courts to reduce gasoline prices there to the level of Detroit under the Michigan anti-discrimination law which forbids a company to sell petroleum products for 2 prices within the state unless freight charges or quality factors are involved.

In Chattanooga, Tenn., independent jobbers have entered a suit against the big companies on similar grounds.

Governor Buck of Delaware has requested Attorney General Satterthwaite to prepare indictments against all oil companies selling gasoline in the state; to charge them with conspiracy to stifle competition by maintaining a uniform and fixed price. He charges that one large oil company fixes retail gasoline prices and that all other companies follow the lead; that Delaware prices should be as low as those prevailing in New Jersey, Pennsylvania, and other nearby states.

New England Reports Greater Business Activity

SUMMARIZING reports received from throughout its territory, the New England Council notes signs of increased activity, points to specific examples.

Pequot Mills expects to employ 1,400 men at its Salem, Mass., plant. Danvers Bleachery at Peabody, Mass., with 600 men regularly employed, is now adding 200 more. Hygrade Lamp Co. of Salem increased its business 30% during first 9 months of 1930, while Ponds Extract Co. at Seymour, Conn., is doubling plant capacity.

Willimantic Silk Co. of Willimantic, Conn., operating day and night since November, 1928, is now installing 100 new looms. United Box and Paper Co., Holyoke, Mass., has moved into a new plant, doubling its capacity, is increasing its force.

Boston reports 156 new industrial enterprises in its "metropolitan" district.

EDISON:

Does our average letter cost 50¢ and will the facility of direct dictation cut that cost in half?

It will be simple to prove this. And it will amaze you to learn the high price you are paying for twice-written letters—once in a note book, once on the typewriter.

Let us prove this. Telephone "The Ediphone," your City, or ask us for the book, "An Easy Way to Chart Your Correspondence."

THOMAS A. EDISON, INC.
ORANGE, N. J.

World-Wide Service in all Principal Cities

Ediphone
Edison's New Dictating Machine

Street Car Companies Thrive On Big-City Congestion

ELECTRIC railway officials, bemoaning private car competition, were surprised and pleased to learn this week that in the 189 American cities of more than 50,000 population the combined rail, bus, and trolley bus facilities operated by street car companies are 20% greater than 10 years ago, while population increase has been 24%. During the period the change in total track mileage has been less than 1%, abandonments in some localities having been almost exactly balanced by extensions which have been laid down in others.

Strongest in Big Cities

A survey by *Electric Railway Journal* shows that in all but one of these cities of more than 50,000 population, accounting for 80% of the country's street cars, 60% of its street railway trackage, the electric railway is the backbone of the local transportation system. To serve this territory the railways operate 60,000 passenger cars on 23,000 miles of track. As supplementary service they run 9,000 buses over 7,000 miles of route—slightly more than 75% of the total number of the buses they operate. Trolley buses to the number of 200 are run. In a dozen cities the electric railways operate taxicabs—2,500 of them in all.

In the 789 smaller communities ranging from 10,000 to 50,000, only 531 have street car service. Buses serve a majority of the remainder and it is generally agreed that electric railway service in this group will continue to decline. Only 60 cities have been found to have no organized transportation facilities of any kind.

Electric Railway Journal, commenting on the survey, says: "Every reason exists to expect public transportation facilities in cities of more than 50,000 population will continue to expand in the next 10 years. A substantial expansion occurred between 1920 and 1930 despite an increase of 200% in the number of private automobiles. The fact that the ratio of automobiles to population in the large cities is only about half that in the small cities indicates that congestion is tending to discourage the use of individual vehicles. This is borne out by a recent count in one large city which showed fewer automobiles entering the business district than were reported 5 years ago."

"Silk Specials" Lose To Panama Lines

SILK cargoes from the Orient bound for the New York market are moving in increasing quantities through the Panama Canal, to the slight distress of the transcontinental railroads whose "silk specials," furnishing 83-hour service from coast to coast, have long been famous.

During the first 9 months of this year, 106,556 bales of raw silk were routed via the Panama Canal compared with 81,549 during the same period last year. Total bales imported from the Orient so far this year, 350,059. Shipments by the water route in 1929 were 116,496 bales; 31,319 in 1928. Railroads are not greatly worried at the trend since they believe it to be only temporary.

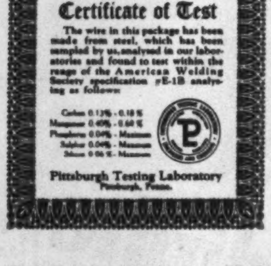
Reasons for using the water route: the rate is $6 per 100 pounds compared with $12 overland. The price of raw silk being half what it was a year ago, the investment represented in shipments is correspondingly low and the necessity for speed in transit is less.

Home-Building Costs Drop 7-10% in the Northwest

HOME-BUILDING costs in the vicinity of Seattle have declined by from 7% to 10% since 1929 according to the West Coast Lumbermen's Association survey of figures submitted by contracting firms, builders, and material supply houses. As conditions in Oregon and British Columbia are similar to those in Seattle, it is believed that these reductions apply uniformly throughout the Pacific Northwest where, significantly, building has been relatively active this year.

Detail figures show that a small frame house which, last year, cost $2,630 can now be erected for $2,234 to $2,442. Largest cuts—around $60—are in concrete work. Reductions in cost of lumber and shingles range from $32 to $97; in finish lumber from $30 to $60; in plumbing, from $30 to $50; in heating from $10 to $25.

Certified facts
BUILD SALES ...



Certificate of Test

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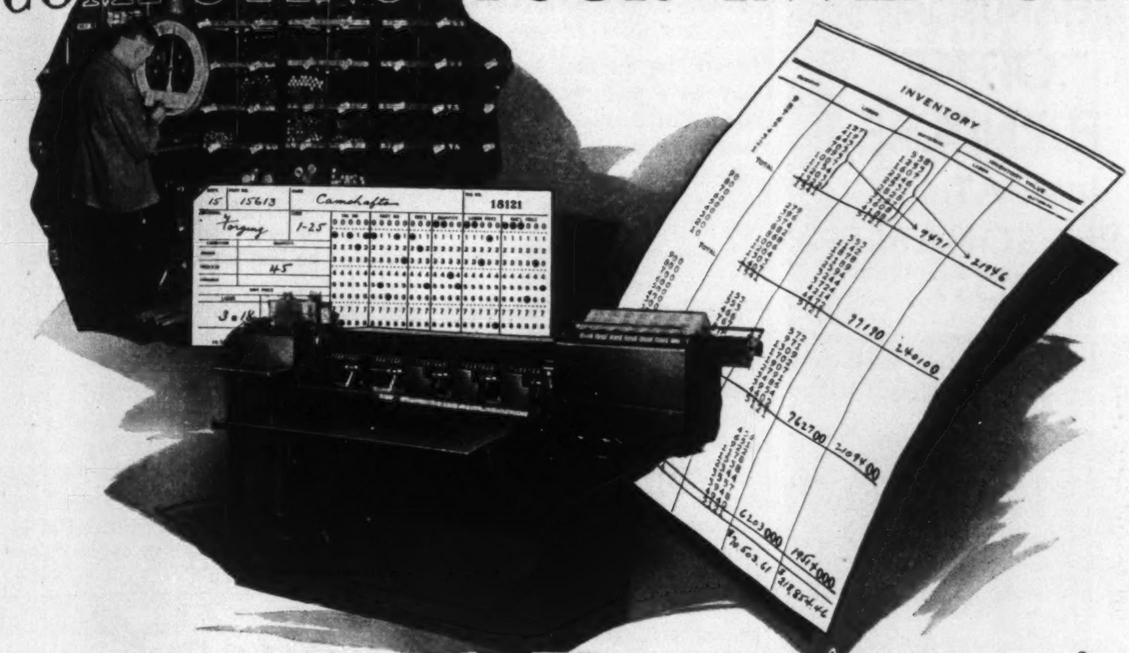

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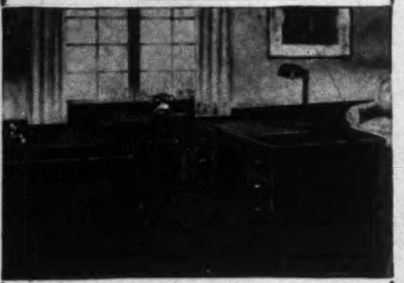

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Rise of Rio Grande do Sul Threw Brazil Off Balance

Brazil, for the time being at least, is back on a peace basis. United States business is attempting to appraise the stability of the new régime and determine how soon international, as well as domestic, trade is likely to be flowing in normal channels.

Favorable factors are not lacking. Brazilian bonds, both in London and New York, rallied immediately after the rebels overthrew the old government. Conservatives who held off for several days are evidently convinced that the new government is able to back its rather ambitious policy.

As might be expected, coffee markets sagged. Since the adoption of the valorization scheme to raise coffee prices to a point which would at least cover cost of production, the smallest political flurry in Rio de Janeiro has caused sympathetic reaction on the coffee market in New York. As the scheme was planned and promoted by the retiring Washington Luis party, it is only natural that there should be doubt as to whether it will be carried out by the new government, especially since that government represents particularly the states in the extreme south of Brazil where coffee is not raised.

Business Hopeful, Watchful

There is reassurance for exporters. Almost the first decree of the provisional Junta in Rio recognized the necessity of arranging for business resumption. The banking moratorium, set up on Oct. 6, is to be in effect until Nov. 30. Debtors have the privilege of demanding 30 days on bills. To the foreign business world this decree was encouraging, for most exporters were expecting to have to wait at least 60 days for payment.

Another promise of the provisional government interests United States shippers. All debts contracted by the overthrown federal government before the revolution began on Oct. 3, will be recognized by the new government. No promises are made to pay for orders contracted by the federal government during the period of fighting. Because some large orders for military equipment were accepted, and in the case of airplanes actually shipped, by American firms, some business men were alarmed. Exporters in general, counseled by bankers, hold irrevocable letters of credit covering these orders, and so are fully protected. Brazilian gold to the total of $10 millions was shipped to New York by the Washington Luis régime just before it was deposed. London received £7½ millions. This will cover foreign bond servicing and purchases outstanding in both countries.

The best informed authorities, while willing to accept the new government, are still advocating caution in immediate transactions.

The retiring government was made up almost completely of Sao Paulo men. Sao Paulo is the wealthiest state in Brazil, is the center of a great coffee-producing area, is highly developed commercially, pays a large share of the national revenues by virtue of its com-

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mercial importance. Minas Geraes, neighbor to the states of Sao Paulo and Rio de Janeiro, is perhaps equally important but slightly less developed. Together, these states have alternated in filling the national presidency, but this year Washington Luis was succeeded in the national elections by Julio Prestes, another Sao Paulo man. Minas Geraes declared the election was a fraud.

New Power in South

Ready to join Minas Geraes was Brazil's southernmost state—Rio Grande do Sul. This state, unlike more powerful rivals to the north, is in a temperate region where cattle and sheep raising and corn and wheat growing take the place of coffee and sugar planting. Long a rough and ready frontier state, Rio Grande do Sul of late has become increasingly important economically. Monopoly of positions in the national capital by Minas and Sao Paulo was not conceded willingly. When Minas rebelled, Rio Grande supported the move. The rebellion succeeded, and Dr. Getulio Vargas, Rio Grande's defeated candidate for president, declared himself provisional president.

Catches in the smooth working scheme are noted by dispassionate observers. Dr. Vargas has come to Rio Janeiro, but not until he could bring his troops with him. Despite the fact that rebel forces have pledged support, Dr. Vargas evidently does not completely trust them. Sao Paulo outwardly cheered Dr. Vargas when he passed through the state. There are some who believe that the show simply covered smoldering anti-Vargas feeling.

Moves by the new régime to support the milreis, to indicate its stand on coffee valorization, and to meet foreign obligations will be eagerly watched abroad. Developments in the immediate future will be significant to American business as well as to the investors of $600,000,000 in Brazilian federal, state, and municipal bonds, in public utilities, and in rubber, iron, and manganese enterprises.

German Industry Resents Heavy Duties on Foods

By Special Cable to The Business Week

GERMANY'S economists are protesting the latest move by the government to aid agriculture by huge increases in the tariffs. In the face of drastic efforts on the part of industry to bring about wage-price reductions, this move, which is bound to increase the cost of foodstuffs, has created widespread resentment. Trouble is ahead.

In the early part of the year the Reichstag passed legislation empowering the government to change foodstuff duties at will. It was essentially an emergency measure to relieve an impossible situation caused by glutted wheat and rye markets. Early increases in duties were primarily for political reasons to placate agrarian unrest.

The move this week which increases the duties on wheat from $46 to $62 a ton, and on malting barley from $37 to $50 a ton, is considered by German industry as an extreme abuse of the special power granted the Reichstag; blame is put on Agricultural Minister Schiele.

Developments will be significant of Germany's ability to adjust economic troubles to the mutual satisfaction of the farmer and the idustrialists.

German Strikers Sign Truce; Confer on Cuts

By Special Cable to The Business Week

BERLIN'S 140,000 metal workers, responding to the plea of the Minister of Labor, resumed work this week on the old basis of hours and pay. In doing so they have, for the moment, lifted the threat of failure that their walkout laid on the whole German formula for stimulating foreign trade by price reductions on German goods aided by wage reductions on German labor (*The Business Week*, Oct. 29). Acceptance of the terms on which they again pick up tools adds a new wrinkle to the formula which it now seems to have needed to make it workable.

These terms call for the appointment by Minister Stegerwald of 3 neutral arbitrators whose decision in early November is expected to turn what is now a truce agreement into a peace pact. They imply considerable advance bargaining between labor and employer representatives leading to an agreement to make price and wage cuts commensurate and simultaneous, thereby overcoming labor's objection to making the sacrifice blindly and ahead of its employers. It was this objection that launched the strike just halted. Berlin now thinks this method of group-bargaining will be widely adopted to carry the double reduction plan to success.

Germany realizes that a serious situation is only temporarily tided over. Though only metal workers in Berlin walked out the entire metal trades union is ready to cooperate if no agreement is reached.

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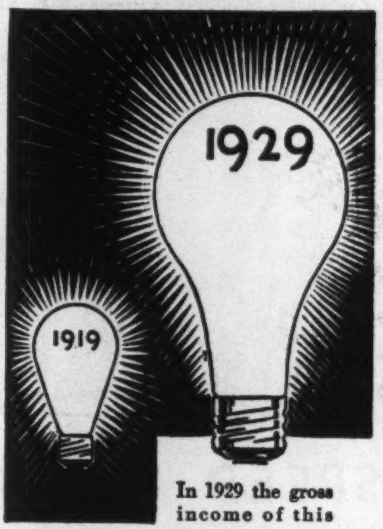

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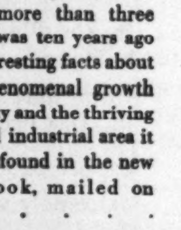

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Belgian Glass Makers Unite

By Special Cable to The Business Week

BELGIAN window glass producers, largest group in the world, Oct. 31 came under united control. Thirteen manufacturers using the Fourcault process and representing 70% of Belgian output have formed a single operating company, Belgian Mechanical Glass Works. A sales cartel which became effective July 1 (*The Business Week*, July 2) was the basis for the broader scheme.

Libbey-Owens Later

Only important unit not included is Libbey-Owens. Negotiations with that group under way since early summer probably will soon be successful. Libbey-Owens, with 2 plants in Belgium, one of which is just opening with the most modern machinery, is expected to produce all of the remaining 30% of the Belgian output. The last plant using hand processes has been forced to close, unable to compete. With Libbey-Owens, output of the new group would be 35% of the world total. Belgium's annual production is 560 million square feet of window glass; 95% is exported.

Belgians, interested in rationalization for a number of industries, attach particular significance to the fact that highly competitive producers have so promptly come to an agreement which eliminates internal price competition and puts production on a carefully controlled basis. This will place Belgium in a favorable position to recapture important world markets. Before the war the country produced 42% of the world's window glass; last year barely 36%. Australia and Japan have become largely self-sufficient. Czechoslovakia has cut into Belgium's European markets.

Gets Fourcault Licenses

Nominally the new company is capitalized at $6 millions, represented by 20,000 no par shares. In exchange for new shares plus cash payments totaling $5 millions, the new company takes over the ownership of each member's manufacturing equipment, raw materials, stocks, products, and the Fourcault licenses. Also the new company gets a 99-year lease on all land on which factories are now located and assumes the rights of option on additional land for expansion if necessary.

Swift Survey of Business Abroad

By Special Cable to The Business Week

BUSINESS reports continue to be more cheerful. Scrutinizing them carefully, economists are convinced that seasonal activity has been greater than pessimistically-minded business men and observers have been disposed to admit, or that the pickup in the last few weeks is a belated fall revival. Most notable among the optimistic indicators is the British Board of Trade's retail index which shows that September sales not only surpassed those of August but also exceeded sales volume in September 1929 (page 13). Industrial quarterly reports and foreign trade returns, if translated into today's lower price levels, are not materially below those of last year and they show an upturn over August. Replacement orders, particularly for engineering and textile products, are beginning to multiply. Cable advices from Far Eastern and South African markets have brightened.

Prices on basic commodities have either advanced further or have held last week's recoveries. Political tensions are largely relaxed. Sentiment, however, remains hesitant, realizing that winter will prove a strain. Another possible relapse in Wall Street is a source of worry to business in almost every financial capital.

In Germany, suspension of the strike of the metal trades workers in the Berlin area has removed the most immediate cause of concern. In Great Britain the Imperial Conference has reached the inevitable deadlock of any effort to weld into an economic whole through reciprocal trade advantages a political empire possessing no inherent economic unity.

Both Germany and France, as a result of developments this week, are expected to proceed with long considered plans for a major conversion of a huge mass of war loans. These conversion operations are expected not only to improve fiscal conditions in both countries but to reduce general levels of capital costs and to enlarge capital facilities and stimulate new financing.

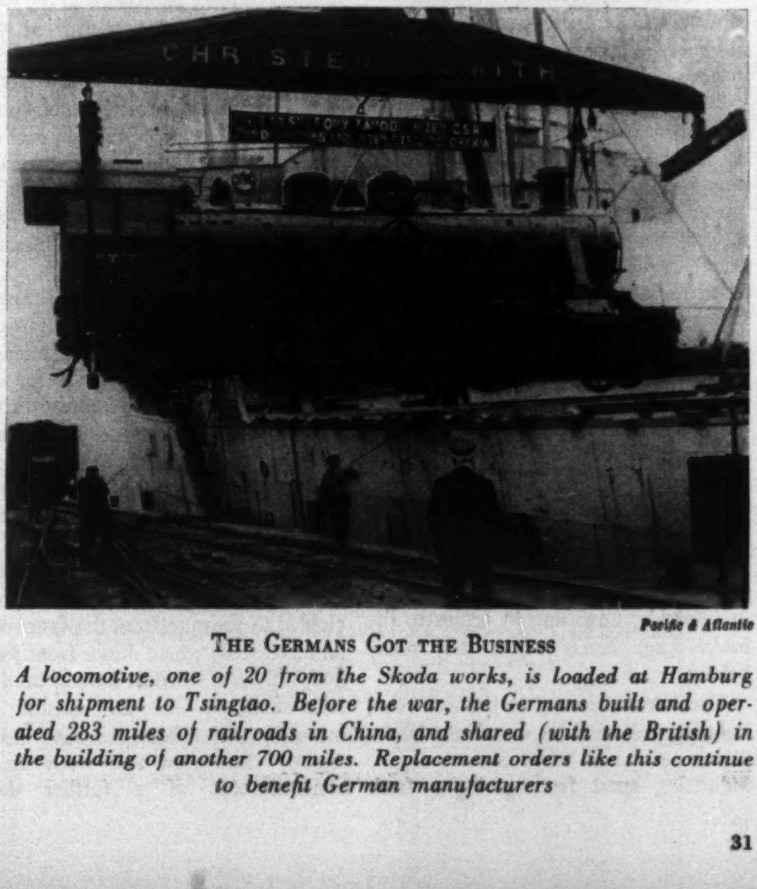
Soviet developments have cropped up in three regions. Unable to collect for export as much grain as they anticipated, the Soviets are reported to be cancelling a part of the bottoms chartered for these deliveries. Belgium is upset over the drastic reprisal which the Soviets have ordered since Brussels enacted anti-dumping regulations against the Russians. A $2 million order for nickel from a Belgian firm is reported cancelled, and 22 ships carrying Soviet goods have been ordered to shift their terminus from Antwerp to its rival, Rotterdam, Holland. Confirmation comes from Rotterdam where the Soviets this week leased another elevator for grain storage. It is also rumored that Moscow is considering moving its naphtha tanks from Ghent and its wool washeries from Antwerp. In London, it is reported that the Soviet trading delegation is negotiating for the purchase, during the next 3 months, of $6 millions of chemicals.

By Special Cable to The Business Week

France—Despite a further relaxation of political tensions and fewer expressions of pessimism, there was no significant change in actual business or general conditions this week. Tariff negotiations with Spain, since Spain is firmly refusing any tariff concessions unless France relaxes restrictions on wines which France refuses point blank to do, are at a standstill.

Domestic business resentment is slowly gathering over the recent policies of the government to favor farm interests unduly, to the exclusion of any aid to commerce or industry. Recent instances of this tendency are the vertical increase in grain duties along with the tightening of administrative import restrictions; the subsidization of domestic grain growers, and finally, proposals to subsidize domestic wool raisers. Industry is now advancing its demands for equal consideration. Applications for further tariff increases multiply daily. Of paramount interest to American business, are the repeated demands by French machinery manufacturers for added protection against German and American manufacturers, and the fresh but firm appeal of lumber interests for protection from American products which are arriving in quantity in recent weeks and underselling even an inferior product in France. The French Department of Commerce is studying the effects of the United States tariff on French exports as affording a basis for representations likely to be made to the Tariff Commission, and as a basis for reprisals if this seems wise (page 10).

The trend toward industrial concentration continues. This week the young and aggressive Société Tunesiens Phosphates absorbed the century-old Usine Dior Superphosphates; and the Etablissements Kuhlman, largest French chemical combine, absorbed the Société Bordelaise Produits Chimiques in a move



Pacific & Atlantic

THE GERMANS GOT THE BUSINESS

A locomotive, one of 20 from the Skoda works, is loaded at Hamburg for shipment to Tsingtao. Before the war, the Germans built and operated 283 miles of railroads in China, and shared (with the British) in the building of another 700 miles. Replacement orders like this continue to benefit German manufacturers to regain predominance in the nitrogen industry.

With general business quiet, startling occurrences in the field of finance are becoming increasingly portentous. The visit of the French Minister of Commerce to Roumania, Turkey, and Jugoslavia is associated with the probability of French loans to these governments. In the case of Roumania, the principal reason for seeking a loan is to relieve the acute agricultural mortgage and credit conditions. Turkey is seeking funds with which to refinance the huge Ottoman debt. Jugoslavia wants to develop communications and military roads.

By Special Cable to The Business Week

Germany—Berlin's rather desperate strike situation came to an end this week when the 140,000 metal trade workers who walked out last week agreed to return to work on the old basis of wages and hours while a specially constituted arbitration committee attempts to draw up some agreement which will be satisfactory to both labor and capital. Because both sides have shown a willingness to bargain, Germany is hopeful of the outcome, expected in an award from the arbitrators early in November.

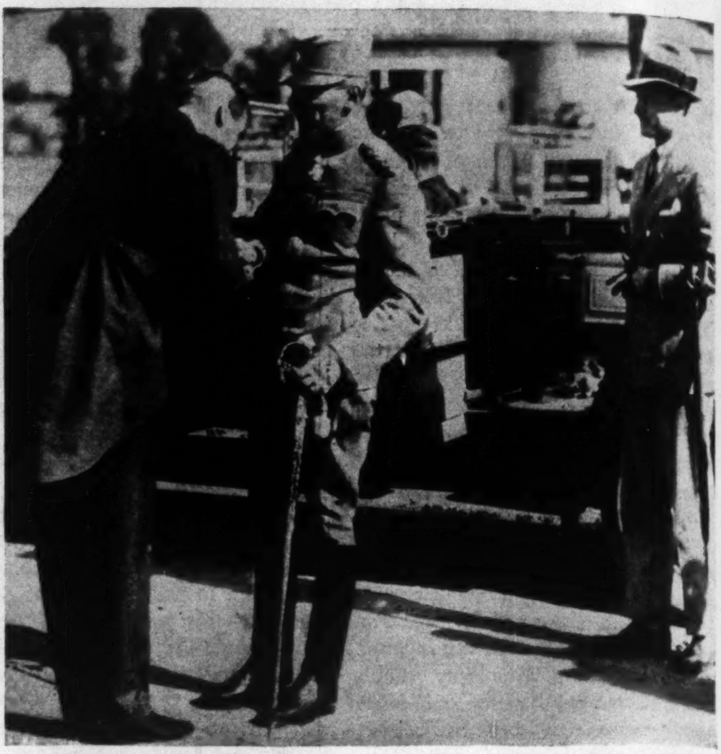
In the meantime, foreign exchanges have returned to normal levels and money markets are quieter. The cyclical rise of unemployment, however, is accentuated by seasonal factors and continues to be a nightmare to business and government alike. The total number of the jobless rose in the first half of October from 3,030,000 to 3,116,000. Because of the seriousness of the situation, the Prussian government has announced its own policy to combat unemployment. Its first proposal is to raise the school age one year in order to keep 200,000 youths from entering the labor market next spring. The eventual saving on the unemployment dole is expected to exceed the cost of the additional education facilities by $30 millions.

A second measure is the temporary reduction in working hours in certain industries to 40 hours a week in order to provide additional jobs. Business is skeptical over the benefits of this second move because it will probably force employment for unskilled laborers who will in future be unwilling to return to the lower wage levels where they really belong.

The recent price cut in the Ruhr coal industry, followed by reductions in the Silesian coal and West German lignite industries, apart from giving a fresh impetus to price reductions in the manufacturing industries, is considered symptomatic and likely to shake the whole artificial price structure of the German cartels which heretofore have obstinately withstood the pressure of declining world prices. A number of the cartels have already virtually given up any attempt to control prices. Others, notably the cement cartel, are threatened with actual disruption.

Counteracting the general downward trend of commodity prices, farm interests have started a new offensive. Their objective this time is for even more radical farm relief measures than they have demanded and secured since last December. This program, if realized, would mean not only final departure from German commercial policy of the most-favored-nation principle, but actual prohibition of most agricultural imports. The government has already yielded to pressure from the farmers for an increase on wheat duties from $44 to $62, this new schedule having been put into effect on Oct. 26. Despite this measure the wheat market reacted slightly downward this week on the announcement of a further decree to enforce the admixture of a certain per cent of rye flour in all white bread, thus artifically reducing the demand for wheat and nullifying the possible advantage of the increase in duty. Business, while vehemently protesting against this policy as endangering German exports of manufactured goods, points out the obvious difficulty of controlling the admixture of wheat and rye flour by small bakers.

The alcohol monopoly is in financial difficulties owing to the tendency of the German people voluntarily to "go dry" at an alarming rate. Decline of beverage alcohol consumption in recent years has been 50%. Despite this declining market, the monopoly now is faced with the problem of consuming a bumper potato crop (potatoes are the principal source of alcohol in Germany). Already carrying a stock of 1,930,000 hectoliters of pure alcohol, the monopoly is endeavoring to obtain government support for the enforcement of a law passed last summer which requires that all gasoline be mixed with 2.5% of alcohol. Foreign imports of gasoline are bound to be affected if the enforcement becomes effective.



Underwood & Underwood

JUGOSLAVIA OPENS ITS LARGEST MINE

King Alexander arrives for the opening of the Trepca mines (silver-lead-zinc). Originally worked by the Romans centuries ago, they are now controlled by Canadian Selection Trust. In uniform, the King; bowing, at the left, the British minister; informally attired, at the right, the American chargé d'affaires

The Cabinet has approved the budget bill for next year. Bruening's promises to make drastic cuts are evident. Total expenditures are reduced from $270 millions to $254 millions, and there is a general reshifting of revenue from direct to indirect taxation. This new budget, if effective, would bring substantial relief to overtaxed trade and industry but it presupposes passage by the Reichstag of 30 financial bills embodying the Bruening program. Following the recent abolition of the 10% tax on interest bonds other than fixed interest bearing securities, the government proposes to issue a decree retroactive to Oct. 1 reducing from 4% to 2% the tax on the issue of new stocks, and from 2% to 1% the tax on the issue of new bonds.

By Special Cable to The Business Week

Great Britain—A better tone prevails in Britain, both in business groups and on the stock markets. There are few actual evidences of increases in trade but strengthening inquiries are interpreted as an optimistic sign of increasing volume in the near future. Slight stock market improvement in recent weeks has spread from giltedged securities to industrials. Decreased output of coal still exceeds demand, but Cardiff and Sheffield report improved outlook.

Iron and steel are favorably affected by the placing of the $12-million contract for the Zambesi bridge with the Cleveland Bridge Co., of Darlington. Metropolitan Vickers reports new Australian and South African orders for electrical and mining equipment. Turton Platts have sufficient new orders to require work on day and night shifts.

Real optimism is spreading on the reported increase in September retail sales. More than 120 of Britain's leading department stores, reporting to the Bank of England in a new scheme fostered by the Board of Trade to secure a monthly index, recorded increased sales in September which averaged 10% over August volume and showed an actual increase over September of last year. Reported absorption of stocks cast a ray of light in the rather gloomy circles of the manufacturers. Only commodity to be in smaller demand, according to the survey, was furniture. Women's and children's wear showed an encouraging increase in demand.

Textile manufacturers are still cheered by better inquiries from the Far East, particularly China. Leather and wheat are recovering. Hides are weaker. Vegetable oils and oil seeds are irregular but more active.

A reduction in the bank rediscount rate is expected in the near future as a preliminary move to the promised war loan conversion. The position of the Bank of England is little changed since May 1 when the last reduction to 3% was made. Reserves are about the same and gold stocks are only slightly lower. The proportion of reserves to liabilities has improved from 52.9% to 55.8%.

Political uncertainty continues to overshadow business. Philip Snowden's flat refusal to consider any change in the fiscal system is driving all shades of the tariff party to closer cooperation. The Imperial Conference is doomed to reach few decisions on the primary problems before it due to the divided opinion over future policies among the British public. Even conservative opinion in London anticipates success for tariff advocates in the coming election, though the policy is likely to be advocated only as a means of reducing unemployment from more than 2 millions to something less than 500,000, after which time the tariff might be withdrawn and other means relied upon to absorb the balance of the unemployed. With the jobless numbered at 2,188,000, the cost of living is 56% above the average for 1914 but 14% below the figure for 1929.

Some sections of the coal trade are facing a possible stoppage on the question of hours under the new act. Railway employees are expected to cause trouble Nov. 12 when the truce signed last March by employers and employees comes to an end. Railway workers are planning to demand increases, with a $15 a week minimum wage, while employers are preparing to fight for a wage reduction on the basis of reduced revenues and the general trade slump which has seriously curtailed business. The general outlook for the winter in these two industries is not bright.

Britain's first interest in the question of war debt moratorium is waning on second consideration. Opinion is general that Congress at present would pass no proposal for mitigation of European debts. There is sentiment in some quarters favoring pressing the matter if the tariff party wins in the next elections, by utilizing the bargaining power of a tariff.

LATIN AMERICA

The general business outlook has not improved, though certain stabilizing factors have become evident. Definite

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plans to occupy Rio de Janeiro indicate that Dr. Vargas, new provisional president of Brazil, has concrete ideas for carrying on the government. Rebelling and federal troops are reported disbanding and local disturbances are fewer. Despite these reports, there is as yet narrow basis for assuming that the new government will be able to maintain itself and provide for immediate resumption of regular business.

The peso is regaining strength gradually in Argentina and trade reports from Buenos Aires are in no respects discouraging. In Chile there is growing depression due to low copper and nitrate prices and to the difficulty of swinging over to the new nitrate setup. Market demand in almost every line is limited. The government is reported to be curtailing expenditures drastically.

Mexico, suffering from depressed silver prices, is shaping definite policies which forecast greater business stability. To encourage industrialization, a program of tariffs which protect industry and encourage particularly the importation of construction, mining and canning machinery is under consideration. American exporters, principally of canned foods, leather and rubber goods, and agricultural products, stand to lose $25 millions in exports, but automobile and machinery manufacturers will find a vastly broadened market.

Cuba—Sugar difficulties are clearing. Concerted efforts on the part of Thomas L. Chadbourne, representing American banking interests connected with the industry, and a group of Cuban officials and growers have produced a new plan for regulation. Cuban sugar exports to the United States are to be held down to 2,800,000 long tons next year, and will be increased in 1932 and 1933 by just enough to take care of consumption gains recorded during each preceding 12 months (*The Business Week*, Sept. 3): News of the withdrawal of $1\frac{1}{2}$ million tons from the market caused sugar futures on the New York exchange to advance from 5 to 7 points.

As soon as the Cuban legislature reconvenes after the Nov. 1 elections, the measure will be voted. If passed, as is confidently expected, Mr. Chadbourne and 2 important Cuban representatives will sail immediately for Holland where they will discuss with potent Javan sugar interests the possibilities of wider restriction. If Cuba and Java can agree on a plan for curtailed marketing and eventually restricted production, world prices are likely to react promptly.

What the Figures Show

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*83.2	†84.3	101.6
Production			
Steel Mill Operation (% capacity)	50	52	79
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$13,770	$14,364	$16,820
Bituminous Coal (daily average, 1,000 tons)	*1,539	†1,583	1,892
Petroleum (daily average, 1,000 bbls.)	2,378	2,371	2,870
Total Electric Power (millions K. W. H.)	*1,885	*1,885	1,965
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	155	159	198
Check Payments (outside N. Y. City, millions)	$5,543	$5,042	$7,244
Money in Circulation (daily average, millions)	$4,482	†$4,520	$4,792
Wheat Receipts (1,000 bushels)	5,810	6,770	9,323
Cotton Receipts (1,000 bales)	766	732	919
Cattle Receipts (1,000 head)	*264	235	273
Hog Receipts (1,000 head)	*490	†446	549
Wool Receipts (1,000 lbs.)	3,500	9,818	8,214
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.76	$0.73	$1.17
Cotton (middling, New York, lb.)	$0.107	$0.103	$0.183
Iron and Steel (composite, ton)	$32.06	$32.14	$36.09
Copper (electrolytic, lb.)	$0.093	$0.097	$0.178
All Commodities (Fisher's Index, 1926-100)	82.7	82.7	94.1
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,716	$16,864	$17,500
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,573	$8,606	$9,580
Brokers' Loans, New York Federal Reserve member banks (millions)	$2,512	$2,613	$5,538
Federal Reserve System Ratio	82.4	82.1	69.4
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	13,893	12,440	37,502
Stock Prices (N. Y. Times, average 50 stocks)	$166.13	$168.47	$263.92
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$55,876	$50,519	$90,065
Bond Prices (Dow, Jones, average 40 bonds)	$96.02	$96.47	$93.61
Interest Rates—Call Loans (daily average)	2.0%	2.0%	6.0%
Interest Rates—Time Loans (daily average)	2½–2¾%	2½–2¾%	7–7½%
Business Failures (Dun, number)	491	460	455

*Preliminary †Revised

THE trend of production in many of the basic industries lends little support to the feeling of confidence in an early business revival, which has become fairly widespread recently. A measure of stability in the commodity markets is distinctly encouraging, but the volume of production is being held in check until the first quarter of 1931. As a result of declines in practically all of our adjusted indexes of trade and production, the *Business Week's* preliminary index of general business activity for the week ended Oct. 25 hit a new low of 83.2% of normal, compared with the revised index of 84.3% the preceding week and 101.6% a year ago.

The Situation in Steel

Steel ingot production is estimated by both Dow, Jones and *Iron Age* as approximately 50% of capacity, the lowest for 1930 thus far. The anticipated fall upturn that showed promise in September faded rapidly during October with a renewal of cautiousness on the part of buyers. Our adjusted index for the week ending Oct. 27 declined to 68.1% of normal against 71.5% the preceding week.

According to trade journals, this decline is a result of the failure of the normal purchasing of track and equipment by the railroads and of sheets by the automotive industry to take up the slack occasioned by the expected seasonal decline in tin plate and pipe demand. A few smaller steel outlets such as the radio, washing machine, and stove industries are showing seasonal improvement.

Structural steel projects totaled 40,000 tons, a fair volume, while new projects are expected to require 53,000 tons. Though steel leaders at the Chicago conference last week were sanguine as to the prospects for the steel industry, they were indefinite as to the exact date of recovery. However, steel has ordinarily shown a sharp rise immediately after the first of the year, and with the low inventories of steel buyers, it is not too much to expect a similar tendency in 1931. Machine tool business in October is not expected to show an advance over September comparable to the 18% gain of that month over August.

Building contracts for the week of Oct. 24 declined to $59,724,400 compared with $83,882,900 in the preceding week. But the remarkable strength of residential building first evidenced in September has carried through October. In last week's awards 36% were accounted for by residential contracts, 34% by non-residential, and 30% by public works and utilities. Our adjusted index, which is averaged with the three preceding weeks, declined to 72% of normal compared with 75.2% the preceding week. In the metropolitan area of New York, residential building accounted for 57% of the awards for the week and has maintained a daily average above both September and October, 1929.

Bituminous coal production dropped some 263,000 tons, nearly 3%, from the preceding week and was over 2 million tons below a year ago. The decline for the week is comparable to those of the past three years and, with the exception of 1927, was followed by peak weeks in November and December. Our adjusted index for the week ending October 18 declined to 69.7% of normal compared with 72.2% the preceding week.

Electric power output for the week of October 25 is estimated at the same level as that of the preceding week, but our index which makes allowance for an upward seasonal trend at this time of the year declined from 96.4% of normal to 95.4%. A year ago, the October peak was reached, after which November showed a downward trend until after the Thanksgiving holidays. This week's estimate now stands 4% below a year ago and 4% above 1928.

Car Loadings Decline

Freight traffic as measured by total car loadings has again turned downward from the year's peak of two weeks ago. Coal shipment declines accounted for 16,962 cars out of the total decline of 23,789, thus reflecting the decreased output of coal at the mines. Livestock shipments increased as is customary in October, but the total is below any October week of the past eleven years. The spread of total loadings from 1929 is now over 21%, greater than between any other two comparable weeks to date. The figures of the next few weeks will be of great interest, as in the two preceding years sharp drops were recorded in each succeeding week until the end of the year. Miscellaneous and less-than-carlot freight fell to 614,223 cars compared with 620,841 in the preceding week and 758,800 a year ago. Our adjusted index, based on these two major groups, declined from 81.2% to 80.3% of normal.

Part of the sharp upturn of nearly 10% in bank debits in the 140 centers outside of New York City was undoubtedly due to resumption of activity on a full week basis and to renewed spirit on the stock exchanges. The preceding week included an observance of Columbus Day in some centers. Each of the twelve Federal Reserve districts, except New York, showed an increase over the preceding week. Compared with a year ago the next few weeks are likely to appear extremely low, as last year's figures covered the beginning of the stock market panic. Our index, based on this group, remains unchanged at 89.1% of normal. Check payments in the 131 cities outside of the ten major financial centers increased less than 5% over the preceding week, and were 20% below a year ago.

The increased trade activity which many merchants have reported as a result of the "Buy Now" campaigns has not been reflected as yet in the data on money in circulation. However, an irregular tendency at the close of October is not unusual, while November may be expected to show a slightly higher level. Our index declined fractionally from normal to 99.2%.

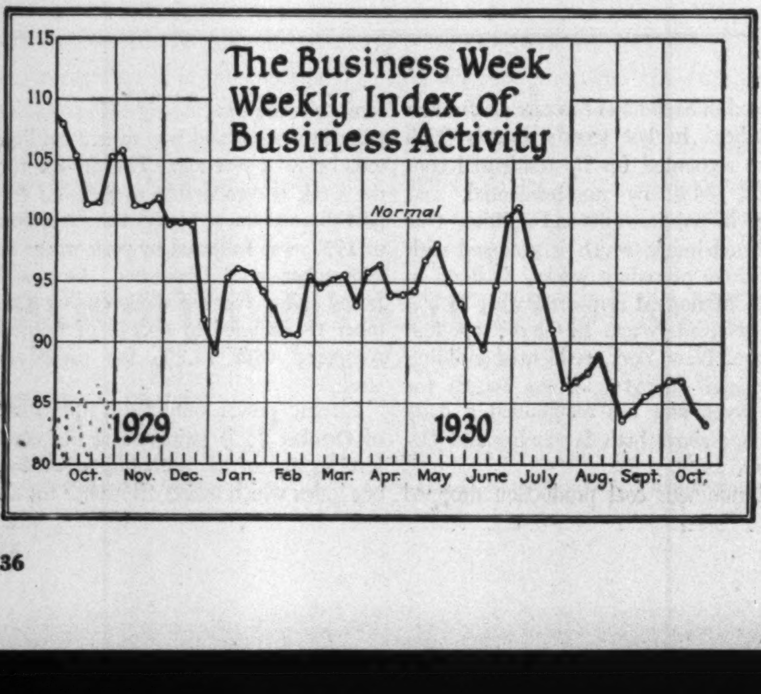
Commodity Markets

The commodity markets offer some encouragement this week. Wheat, cotton, copper, cattle, yarn, tire prices have either advanced or maintained last week's levels. Oil, sugar, iron and steel, steel scrap, continue to weaken and unsettle commitments. Settlement of the metal workers' strike in Germany, together with reduction of copper prices to 9½¢ Connecticut delivery, the lowest level ever recorded, have induced heavy foreign purchases. Domestic consumers are fairly well supplied. The international conference of copper producers revives interest in curtailed production as a means of alleviating the burden of over ample stocks. Sugar and coffee markets reflect the uncertainty of activities in Brazil and Cuba, a new government opposed to artificial price maintenance in the former, and in the latter, strenuous efforts to hold sugar from the market to maintain prices. Cotton has made a remarkable showing in the past week, reaching a level above 11¢. Ginnings reports to Oct. 18 revealed the largest figure since 1925, but the demands of foreign and domestic buyers were sufficient to prevent unsettlement of the trend. Wheat prices have risen on reports of rust in Argentina and on prospects of a smaller carryover than anticipated.

The Business Week's **weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.**

Bank Credit

The expansion of bank credit was slightly curtailed this week largely by a reduction of loans on securities, but also by a decline in the commercial loans classification. The continued rise in investments of both government and other securities prevented our adjusted index of total loans and investments from yielding more than a fraction. It now stands at 105.3% of normal. Our adjusted index of commercial loans declined from 103.1% of normal to 102.6%. In 1929, these loans rose steadily from $8.6 billions at the end of January to $9.8 billions in the middle of November, when a sharp decline set in which reached a low of $8.4 billions in June, 1930. An uncertain upward trend since June brought these loans to $8.6 billions last week, the peak of the fall season to date. Since October is usually the peak month for trade loans, this total is not encouraging. The lower price level, however, serves to make each dollar more significant than in the past few years.



Money and the Market

THE stock market was a dull affair this week. The September-October decline halted and prices rose from the lows of last week. The rise was not sustained, being met by selling instead of buying, and prices pointed downward again. This coincides with observer opinion that the lows will be tested, perhaps repeatedly, and that the market is likely to wait longer than usual this time before attempting to anticipate business pickup.

The increase in security loans by banks directly to their customers arouses comment in discussions of the technical position of the market. Though brokers' loans—$2,512 millions this week—have declined almost to the lowest point reached since these figures have been reported, bank security loans show no such decrease. Greater direct loans thus are obviously indicated.

Weak Holders Eliminated

Bulls—and there are some left—point to this as encouraging. Buyers who go to their banks to finance security purchases and surmount the rigid scrutiny they must undergo in getting the loan from this source represent a more intelligent, higher-class group, they say. The tremendous decline in brokers' loans weeds out the weak holders.

Yet, as the bears point out, the trend seems tied to the large number of reorganizations occurring in the financial communities. Many houses were hurt when stocks broke through their 1929 lows. Every effort is being made to prevent failures, which would be very untimely. The reorganizations have become evident in a large turnover of Stock Exchange seats, with the price forced down nearly to $200,000, comparing with about $600,000 as a high. The banks are shouldering a burden in this change.

The technical condition of the market is strengthened by these developments, but, if the bear retort is true, the immediate outlook is not helped. The crux of the situation still lies in earnings, and, therefore, in general business.

The Market for Bonds

The bond market was listless, sales the lowest since mid-September. As in stocks, the decline halted, though prices are well below the peak reached about Oct. 1. The decline in bonds during the past weeks puzzles observers because "it isn't supposed to happen at this period of the cycle." Bond prices in past depressions have risen until business returned to normal. So the significance of the present bond market decline is in dispute.

Money rates held unchanged close to the same status quo of many weeks' duration. Bank credit declined a little despite the continued mounting of member bank investments. Commercial loans of the banks were smaller, after the encouraging rise of recent weeks.

The reports of the Federal Reserve banks revealed no change from the quiescent condition of many weeks. Borrowings of member banks rose a little, but acceptance holdings declined by a like amount. As government security holdings stood at exactly the same total as last week, Federal Reserve credit outstanding was substantially unchanged.

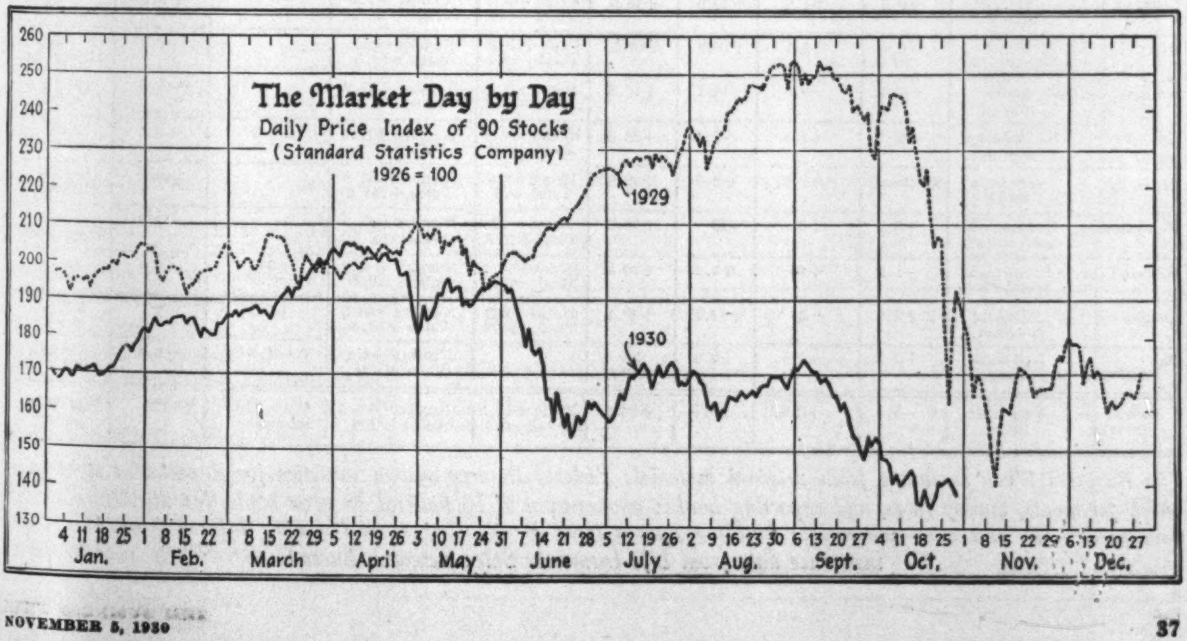
Abroad, money market developments of importance appear under way. A reduction of the Bank of England rate from the present 3% level is strongly expected. The bank is in position to take this step as its gold reserves have risen steadily to above £160 millions. Desired government security conversion operations and the need of business for more encouragement are added reasons for the step.

France continues to make progress toward opening the French money market to the world, as reported in other columns. Foreign loans are expected, though unfortunately their reported nature still tinges of international politics.

Whether these new developments abroad will have any bearing on the future actions of banking authorities of this country is entirely problematical. Unofficial visits to New York by foreign central bankers are expected the latter part of November and December. Present actions indicate that foreign authorities are preparing an attempt to aid business by financial moves much more far-reaching than yet attempted.

While the portent of these developments is not clear at the moment, they are of such importance to business and to the stock market that the financial community is watching them closely.

Results of the elections next week also interest Wall Street and may have some bearing on the market.



Regional Survey for September Emphasizes Retail Pickup

But Uneven Report from Federal Reserve Districts Shows Wide Variation in Business Conditions

THE picture of September business conditions by Federal Reserve districts which can now be completed with the aid of statistics just made available will be found to reveal numerous signs favorable to business improvement, interspersed with a few unfavorable ones. These are all set forth in the detailed record given in the table below. Several of the increases which this shows are seasonal in nature; the wide variance in their extent emphasizes the present unevenness of business development.

At least 3 figures in the table have forecasting value. Data on commercial loans and building contracts let reflect starts made toward future activity; those on department store trade measure consumer-demand which sets the pace for all business.

Several trends of importance become apparent when the September table is studied in connection with others of recent months. Most noteworthy is the evidence that retail sales, as judged by department store transactions, have increased in every district in each of the last 2 months, though there is wide variance in the extent of increase. Commercial loans in the Dallas district have increased each month for the past 4. Contracts for residential construction have increased for 3 consecutive months in the New York district. In Philadelphia, the dollar value of business failures has declined for 3 consecutive months.

Indicators on the unfavorable side also demand attention. Commercial loans have declined for 4 consecutive months in the Atlanta district. Total construction contracts let have decreased for 3 consecutive months in the Richmond, Atlanta, and St. Louis districts, and residential contracts have declined as steadily in the Cleveland district. Life insurance sales have dropped steadily for 4 months in the New York, Richmond, Atlanta, Chicago, Minneapolis, and San Francisco districts, though the national total through September still holds slightly above that for the corresponding period of 1929.

Both September conditions and outlook appeared better generally in the New York, Minneapolis, Dallas, Cleveland, and Boston districts. In New York and Boston, not only did residential and total construction contracts let rise sharply, but they stood above the totals for the same month of 1929. The total of contracts let in the Minneapolis district also was above that for 1929. The September increase in residential construction was confined to 6 districts.

Money rates refute the contention of those who hold commercial money easy and cite open market rates in New York. The rates shown in the table are those charged by banks to the *best* customers; rates for others are still higher. Business was curbed in 3 districts by higher rates during September—Cleveland, Richmond, and Dallas. This occurred despite the Federal Reserve system's policy of keeping money what it calls "easy."

Survey of September Business by Federal Reserve Districts

(Percentage changes from preceding month with no adjustment for seasonal or secular trend, but allowing for differing number of business days)

Federal Reserve Districts	*General Business*	*Commercial Loans*	*Time Deposits*	*Check Payments*	*Department Store Sales*	*Building Contracts*	*Commercial Failures*	*Savings Deposits*	*Life Insurance Sales*	*Prime Commercial Loan Rates (Cities)*
BOSTON	Good upturn, better outlook	+0.3	+1.7	+3.3	+18.9	Home +49.5 Total +31.7	Number —1.4 Value +48.3		—10.6	3¾—4% slightly easier
NEW YORK	Decidedly better	—0.3	—0.5	+13.1	+46.7	Home +37.7 Total +8.9	Number —15.5 Value —50.8	+1.2	—7.9	4% A little less
PHILADELPHIA	Activity greater	+1.1	+1.5	+5.8	+25.3	Home —23.3 Total +4.8	Number —2.6 Value —14		Decrease	3½–4½% unchanged
CLEVELAND	Modest betterment	+0.5	+1.6	+10.6	+16.6	Home —6.4 Total +5.4	Number +7.2 Value —10.5	+0.4	—5.2	4–6% slightly firmer
RICHMOND	Small improvement	—0.4	+1.1	+10.9	+19.4	Home +58.9 Total —29.1	Number same Value +60.5		—7.1	4½–5% a little firmer
ATLANTA	Spotty increase	—0.4	—0.5	+14.1	+16.8	Home —6.1 Total —6.9	Number +31.2 Value +1.1		—11.5	4–5½% easier
CHICAGO	Improvement uneven	—2	+1.5	+4.4	+28.5	Home +26.3 Total +6.6	Number +17.5 Value —1.8	+0.3	—6.8	4–5% uncharged
ST. LOUIS	Very little better	No change	+0.4	+8.3	+47.9	Home +3.6 Total —19	Number +55.8 Value +141.8		Less	4–4½% unchanged
MINNEAPOLIS	Increase, with good outlook	+5.8	+3	+10	+36.9	Home —23 Total +47.3	Number +27.7 Value +8.5		—7.2	4–4½% slightly easier
KANSAS CITY	Retail trade bright spot	—1.1	+10	+3.4	+30.3	Home +82.1 Total —65.6	Number +44.7 Value —29.3	+3	—6.6	4½–5% same
DALLAS	Moderate increase	+2.6	—2	+14.7	+37.1	Home —6.3 Total +25.4	Number +33.3 Value +54.3	+0.3	—9	5–5½% firmer
SAN FRANCISCO	Not much change	+0.5	+0.5	+0.6	No change		Number —4.1 Value +124	—1.4	—9.2	5–5½% a little easier
UNITED STATES	Very little better	—1.1	+0.9	+5.7	+26.5	Home +15.5 Total —4.5	Number +2.6 Value —4.6	Gradually increasing	—12	Very slightly easier

The Business Week summary from original material: Federal Reserve system statistics for department store sales, check payments, money rates, and reporting banks; cooperation of 10 Federal Reserve banks for districts noted for savings deposits and other indicators; building figures from F. W. Dodge, commercial failures from Dun's, and insurance data from Life Insurance Sales Research Bureau

Wide Reading

OVERPRODUCTION: THE ENEMY OF PROSPERITY. Stuart Chase. *Harpers*, November. The final way out lies through planned production. The President who sets up an effective National Industrial Planning Board will have done business its greatest turn.

BRITISH MAIL-ORDER HOUSE HAS CHAIN OF 300 STORES. A. W. Fisher. *Printers' Ink*, Oct. 23. Outline of the sales and advertising methods of a house established in 1824, which, in its 95th year, began to spot stores throughout Britain.

AIR TRANSPORT DEVELOPMENT IN LATIN AMERICA. H. Case Willcox. *Aviation*, November. All the companies, where they operate, what facilities they offer, and tieups with the United States.

WILL FRENCH EXPANSION AFFECT AMERICAN BUSINESS? Dr. Julius Klein. *Magazine of Wall Street*, Oct. 18. French colonial expansion in Africa brings competition to American copper, cotton, lumber, tobacco and fruit industries.

FRENCH PROSPERITY FADES. Mauritz A. Hallgren. *Nation*, Oct. 22. Summary of conditions leading to present recession of industrial activity.

THE HAND BEHIND THE MACHINE. Harrison Gill. *Architecture*. October. A plea for better craftsmanship in work produced by machine.

WEATHERING THE DEPRESSION. Ray Dickinson. *Printers' Ink*, Oct. 23. Statements on how they are going after business, by a group of men who are getting it.

MISREPRESENTED INDIA. Sir John Campbell. *Atlantic*, November. Interesting background, though still from a strictly British viewpoint, for the executive who plans to follow closely the coming India Round Table.

SPORTING AMERICA. Robert K. Leavitt. *Advertising & Selling*, Oct. 15. Prophesy of a rosy future for industries that cater to the insatiable desire to play.

NATURAL GAS—OUR NEW BONANZA. William Atherton du Puy. *World's Work*, November. Wasted for years, this cheap fuel is creating the country's newest industry. Cities look to pipe lines as they once did to the coming of railroads.

BOOKS

ESTIMATING CONSTRUCTION COSTS. G. Underwood. McGraw-Hill, 620 pp., $6. Quantity surveying methods and means of computing construction costs. Good charts for rapidly estimating labor time-charges on various methods of construction.

PROMOTING NEW HOTELS. W. I. Hamilton. Harper, 158 pp., $2.50. Why some hotels fail, and how to plan a community's hotel development along sound lines.

KING COTTON IS SICK. Claudius T. Murchison. University of North Carolina Press, 187 pp., $2. Revelation of the dangerously disjointed structure of the cotton industry, with suggestions for reorganization.

STOCK MARKET THEORY AND PRACTICE. R. W. Schabacker. Forbes, 875 pp., $7.50. Inclusive, descriptive, helpful.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

November 5, 1930

Here's What—

WE have been harping for months on the need of more vigorous action by the Federal Reserve authorities to check deflation, speed recovery; blaming lack of such action this summer for failure of recovery this fall. Well, you ask, what could they have done about it?

The question—put by so many business men—is itself one answer to those who wonder why, if something could have been done, it wasn't. To business men banking is an esoteric mystery; central banking, its quintessence—the thirty-third degree. They don't want, or feel they can't hope, to know anything about it; are thankful if they can keep out of its range. But they can't, ever; and some day, for their salvation, they'll have to understand what it's all about.

The Federal Reserve system is the most powerful agency of economic control ever created. Even those who don't want its powers used—except for deflation—admit that, view it with alarm. They do not doubt that the Reserve banks could stimulate business recovery, facilitate foreign trade, check further decline of commodity prices, by engaging in what is called open-market operations on a larger scale. When a Reserve bank goes into the open market and buys government securities, or bankers' acceptances in excess of amounts freely offered to it, it creates a volume of credit, in amount about ten times as great as the value of the securities or bills it has bought. This purchasing power is sooner or later forced into use in trade through the member banks to whose accounts it goes in the first instance. When, as now, there is little demand for it from short-term borrowers for use in current business, the banks are compelled to use it to buy bonds or make other long-term investments. In due course such buying raises bond prices, lowers yields, and enables industrial and business concerns, railroads, utilities, and local governments, foreign and domestic, to borrow more cheaply, for long terms, money that investors are not now willing to lend. This goes into wages and materials and so into general circulation, raises prices, stimulates buying and employment.

That's the principle of the thing, but it's not as simple as that. There are obstacles, difficulties, risks. Some banks may already be overloaded or frozen up with securities bought earlier at high prices; to buy more might handicap them in meeting demand for commercial credit when trade revives. The lowering of interest rates or yields, and the stimulation of foreign security flotations may cause gold to flow abroad, where it might not be needed, or used. And, of course, it may set funds whirling about in a speculative stock market.

We have thought, still think, the risks worth taking to avoid the consequences of prolonged world-wide business stagnation and deflation of prices and wages. The risks are probably exaggerated, would be largely washed out in the return of prosperity, and could be safeguarded by prompt and vigorous action in the opposite direction when and if necessary. Neither the bankers' interest in higher earnings, nor the speculators' in quick turnovers, outweighs in our view the value of stimulating long-term investment, bettering employment, sustaining wages, and easing private, governmental, and international debt payment through higher prices and cheaper money. If the Reserve banks had begun in July to add $400 millions more to their holdings of governmental securities by the end of the year, we believe the entire world would be feeling its effects now.

If this be inflation—and it is—let those who condemn it make the most of it. In the present critical world situation we are sure they will not be able to make more of it than those who are suffering, and will suffer, from deflation will make of *that* if it continues much longer.

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